

REPORT TO COUNCIL

City of Sacramento

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

Consent
December 8, 2009

Honorable Mayor and
Members of the City Council

Title: Agreement: Lease Extension with CBS Outdoor, Inc. for Three City-Owned Billboard Structures adjacent to Business 80 at Sutter's Landing Regional Park

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

Recommendation: Adopt a **Resolution:** 1) finding and determining that it is in the best interest of the City to extend the termination date of the lease with CBS Outdoor, Inc. for the three City-owned billboard structures adjacent to Business 80 (City Agreement No. 2006-1404) to December 31, 2010, without bidding because special circumstances make use of the bid procedures inappropriate; 2) authorizing the City Manager to execute an amendment extending the termination date of the lease to December 31, 2010; 3) designating lease revenue to capital projects at Sutter's Landing Regional Park; and, 4) authorizing the City Manager or his designee to adjust revenue and expenditure budgets for the Sutter's Landing Regional Park Capital Improvement Program (PN:L19167000) to account for the lease revenue.

Contact: Lori Harder, Support Services Manager, 808-5172

Presenters: None

Department: Parks and Recreation

Division: Administration

Organization No: 19001011

Description/Analysis

Issue: On December 12, 2006, following the completion of a competitive bid process that identified CBS Outdoor, Inc. as the highest responsible bidder, the City Council awarded a three-year lease to CBS Outdoor, Inc. for the three City-owned billboards located adjacent to Business 80 at Sutter's Landing Regional Park. The lease expires on December 31, 2009. Staff is recommending the City Council approve an amendment extending the termination date to December 31, 2010, which will provide staff adequate time to explore options for the billboard site.

It is in the best interest of the City to extend the termination date of the lease without bidding because CBS Outdoor, Inc., the current lessee, is willing to enter into a one-year lease extension to provide the City adequate time to explore options in negotiating a new lease with a goal to maximize revenues. The lease will expire and the City will lose significant lease revenue if the City follows the bid procedures.

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 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 park 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.

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

Sustainability Considerations: The amendment extending the lease between CBS Outdoors and the City of Sacramento is consistent with the goals, policies and targets of the Sustainability Master Plan and the Parks and Recreation Sustainability Plan.

Commission/Committee Action: None with this item.

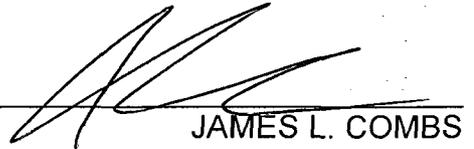
Rationale for Recommendation: The City of Sacramento generates significant revenue by leasing the three City-owned billboards located adjacent to Business 80 along the southeast boarder of Sutter's Landing Regional Park. The most recent lease was awarded based on the Invitation for Bids (IFB) issued in 2006 and resulted in lease revenue of \$1,125,000 which were designated for Sutter's Landing Regional Park. There are no dedicated funding sources for regional park development; therefore, securing unique funding opportunities such as this is critical to develop Sacramento's regional park system.

Staff is requesting the current lease be extended for a period of one year. The previous IFB was issued during better economic times, and staff believes that to release a new IFB in the current economic climate could result in decreased rental payments over a three year period. It is therefore in the best financial interest of the City to extend the current lease based on existing agreed upon rates. Furthermore, it is in the best interest of the City to extend the termination date of the lease without bidding because the lease will expire and the City will lose significant lease revenue if the City follows the bid procedures.

Financial Considerations: During the one-year extended term of the lease, CBS Outdoor will make monthly rental payments of \$31,250 for a yearly total of \$375,000 to be deposited into the Sutter's Landing Regional Park Capital Improvement Program (PN:L19167000).

Emerging Small Business Development (ESBD): Not applicable.

Respectfully Submitted by: _____


JAMES L. COMBS
Director, Parks and Recreation

Recommendation Approved:



FORRAY 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 December 12, 2006, following the completion of a competitive bid process that identified CBS Outdoor, Inc. as the highest responsible bidder, the City Council awarded a three-year lease to CBS Outdoor, Inc. for the billboards with the lease revenue benefitting the development of Sutter's Landing Regional Park. The lease expires on December 31, 2009.

CBS Outdoor, Inc. is willing to enter into an amendment extending the lease for one year. A one-year extension will provide the City staff adequate time to explore all options for the billboard site which will maximize revenue opportunities, issue a new IFB or RFP for the solicitation of proposals or bids for a new lease of the billboards, and present to the City Council for its consideration and possible approval a new lease.

It is in the best interest of the City to extend the termination date of the lease without bidding because CBS Outdoor, Inc., the current lessee, is willing to enter into a one-year lease extension to provide the City adequate time to explore options in negotiating a new lease with a goal to maximize revenues. The lease will expire and the City will lose significant lease revenue if the City follows the bid procedures.

RESOLUTION NO. 2009-

Adopted by the Sacramento City Council

December 8, 2009

EXTEND A LEASE WITH CBS OUTDOOR, INC. FOR THREE CITY-OWNED BILLBOARD STRUCTURES ADJACENT TO BUSINESS 80 AT SUTTER'S LANDING REGIONAL PARK

BACKGROUND

- A. On December 12, 2006, following the completion of a competitive bid process that identified CBS Outdoor, Inc. as the highest responsible bidder, the City Council awarded a three-year lease to CBS Outdoor, Inc. (City Agreement No. 2006-1404) for the three City-owned billboards located adjacent to Business 80 at Sutter's Landing Regional Park.
- B. The lease revenue is designated to capital projects at Sutter's Landing Regional Park. There are no dedicated funding sources for regional park development; therefore, securing unique funding opportunities such as this is critical to develop Sacramento's regional park system.
- C. CBS Outdoor, Inc. is willing to enter into an amendment extending the termination date of the lease by one year. A one-year extension will provide the City adequate time to explore all options for the billboard site to maximize revenue opportunities.
- D. The lease will expire on December 31, 2009, and the City will lose significant lease revenue if the City follows the bid procedures.
- E. Lease revenues during the one-year extended term of the lease would be dedicated to the development of Sutter's Landing Regional Park.

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

- Section 1. The City Manager to execute an amendment extending the termination date of the lease to December 31, 2010.
- Section 2. The lease revenue is designated to capital projects at Sutter's Landing Regional Park.
- Section 3. The City Manager or his designee is authorized to adjust revenue and expenditure budgets for the Sutter's Landing Regional Park Capital Improvement Program (PN:L19167000) to account for the lease revenue.