

NEWSBEAT

An up-to-date, traditional newsstand

ATC. DATE *des* 11.1
FROM CITY CLERK'S OFFICE

20 May 1999

To: City Clerk Valerie Burrowes
945 I Street, Room 304
Sacramento, CA 95814

Re: Proposed privatization of Parking Lot management

NEWSBEAT was opened at it's space in Lot H a little over 7 years ago. We were originally subtenants of Home Savings of America. They left their space a few months after we opened. The city inherited our lease, with management responsibilities falling to the City's Real Estate Division.

The Real Estate Division staff was not very familiar with the parking lot properties. Tenancy and maintenance suffered accordingly from the lack of awareness. My business, which is open 7 days per week, had to operate without heating or cooling on weekend days for our first year of business. It sure felt like the City's administration was completely indifferent to the existence of my store. By contrast, in the short time that the Parking Division has had charge of the property they have shown a genuine interest in the welfare of their existing tenants and filled the vacancies that they inherited. The difference is that the Parking Division is already directly involved with these properties. They know the tenants and the properties. The management that obtained these nearly ideal results should not be lightly dismissed.

The staff report states that "... the workload would not justify filling a new position." This suggests that the Parking Division did not experience a large cost while achieving the results of the last year. In terms of cost, paying more than \$35,000 per year for management services would be excessive and need to be examined carefully. The \$100,000 "high end" proposed in the resolution makes no sense at all in comparison. That would be about 30% of the total revenue that the buildings can generate.

The immediate question implied by the resolution is whether the City should be "in the business" of property management. The principle virtue of privatization is that savings result from not paying for staff or equipment that will be underutilized. The City of Sacramento manages and maintains a lot of downtown property, most of it being occupied by City operations. Considering the substantial resources that the City already has committed to building management, the additional cost of managing the Parking Garage properties is far less than what the City would experience under privatization.

NEWSBEAT

An up-to-date. traditional newsstand

A more fundamental question underlies this issue; whether the City of Sacramento's commitment to the goals for a successful downtown community requires direct involvement in the City's projects and properties. The City is very active in so many parts of the life of the downtown. The parking garage retail spaces are an important, dynamic, component of the business community the City is fostering. Building owners who are involved in the care of their property and in the success of their tenants mean so much to the business community. This kind of involvement becomes mutual, leading tenant business owners to take greater risks based on their trust in a shared investment in the future. Management by a commercial agent with many accounts and based in a remote area would mean a loss of synergistic opportunities.

I strongly urge you to continue with management of the lots by the Parking Division. Their intimate familiarity with the 4 buildings in question affords all of the benefits of the owner/tenant relationship. An active stewardship of these properties will show a commitment to the tenants, to the community and to the vision of what Downtown Sacramento is poised to become.

Thank You,

Terence Lott, d.b.a. NEWSBEAT

c.c. Charles Dalldorf

