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APPROVED
AUG 03 2000
OFFICE OF THE
CITY CLERK

DEPARTMENT OF
PUBLIC WORKS

CITY OF SACRAMENTO
CALIFORNIA

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SACRAMENTO, CA
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TECHNICAL SERVICES
DIVISION

AG2000-107

PH 916-264-8300
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July 14, 2000

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: CAL/EPA PROPERTY MANAGEMENT

LOCATION AND COUNCIL DISTRICT: 1001 I Street, District 1

RECOMMENDATION:

Approve the attached resolution authorizing and directing the City Manager to sign the subcontract with Thomas Development Partners for Property Management Services for the Cal/EPA Building.

CONTACT PERSON: Bob Williamson 264-8430

FOR COUNCIL MEETING OF: August 3, 2000

SUMMARY:

In the 1993 State RFQ and in the proposal that evolved into the 1997 Lease for the Cal/EPA Building, the State included property management services as an optional additional service. The State has requested that the City provide this service under terms defined by the property management agreement. Consistent with the selection processes and agreements, this report recommends award of the Property Management Subcontract to Thomas Development Partners.

COMMITTEE/COMMISSION ACTION:

None

BACKGROUND INFORMATION:

The Cal/EPA project was initiated by the State of California to consolidate a number of agencies and boards into one location. To make this happen, a series of actions have taken place:

- In 1993 the State of California requested submission of proposals from developers who would undertake the project to construct and, as an option, operate a new building to house the functions of Cal/EPA agencies, boards, and other possible tenants.
- In 1993 the City of Sacramento decided to assemble a team to submit a proposal for the Cal/EPA project. The City requested proposals and selected Thomas Development Partners, using a best qualified process, as the City team leader for development and, if necessary, operation of a new major office building for the State on property then occupied by a City parking garage.
- The State selected the City's proposal and team.
- In 1997 the City Council authorized the execution of the Lease with the State's Department of General Services for Construction of the office building at 10th and I Streets. Section 10.1 of this lease states:

"Unless Department elects to assume such obligations, prior to the Rental Commencement Date, City and Department shall enter into a Property Management Agreement, customary in form and substance with management agreements for similar office buildings, whereby City, at the expense of Department shall provide all maintenance and repair of the Premises...."

- The Property Management Agreement has been completed.
- As noted above, Thomas Development Partners was previously selected to perform Property Management functions. The City has a Development Management Agreement with Thomas Development for design and construction of the Cal/EPA facility, and this report recommends that the City now authorize Thomas Development to begin Property Management services through a subcontract with the City. The Property Management activities of this asset are huge in scale and complexity and are needed immediately.

This action will also simplify the warranty and maintenance issues by having a single organization responsible for both development and operation of the Building.

FINANCIAL CONSIDERATIONS:

Expenses of the Property Management Agreement and resultant subcontract are defined in the Lease as additional rent to the State. Thomas Development Partners will prepare a budget for approval by the State, and the State will make monthly payments in advance of expenses to operate and maintain the building. The Property Management Agreement with the state authorizes the City to receive a 2.25% surcharge for administering the agreement.

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ENVIRONMENTAL CONSIDERATIONS:

These actions are consistent with the Environmental Impact Report for the new Cal/EPA building, which was certified on March 24, 1998.

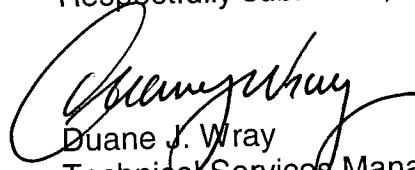
POLICY CONSIDERATIONS:

None

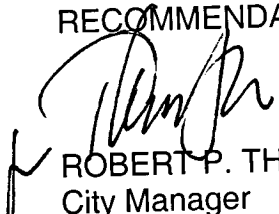
ESBD CONSIDERATIONS:

Services will be provided by third party contracts to the TDP subcontract. These will meet or exceed the 20% ESBD guidelines.

Respectfully submitted,


Duane J. Wray
Technical Services Manager

RECOMMENDATION APPROVED:


ROBERT P. THOMAS
City Manager
P/Active/BB06 Cal/EPA Design Permits/Council/PropMgmtAgreement

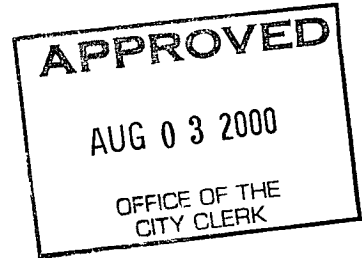
Approved:


Michael Kashiwagi
Director of Public Works

RESOLUTION NO. 2000 - 455

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____



**RESOLUTION APPROVING SUBCONTRACT WITH
THOMAS DEVELOPMENT PARTNERS FOR
PROPERTY MANAGEMENT SERVICES FOR THE CAL/EPA BUILDING**

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

1. The City Manager is authorized to sign the subcontract with Thomas Development Partners for Property Management Services for the Cal/EPA Building.

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO: _____

DATE ADOPTED: _____