



1.22

DEPARTMENT OF
PUBLIC WORKS

CITY OF SACRAMENTO
CALIFORNIA

915 "I" STREET
ROOM 200
SACRAMENTO, CA
95814-2700
PH 916-264-5710
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TECHNICAL SERVICES
REAL ESTATE SERVICES

APPROVED
BY THE CITY COUNCIL

JUN 30 1998

OFFICE OF THE
CITY CLERK

AG 98-108

June 22, 1998

City Council
Sacramento, California

Honorable Members in Session:

**SUBJECT: LEASE OF THE PROM BUILDING LOCATED AT 812 10TH STREET TO
TURNER CONSTRUCTION COMPANY WITHOUT COMPETITIVE BIDDING**

**LOCATION/COUNCIL DISTRICT: 812 10TH Street bounded by 9th and 10th and
H and I Streets, in Council District 1.**

RECOMMENDATION:

This report recommends that City Council adopt the attached resolution to approve the following actions:

- Give notice that the City of Sacramento intends to lease the Prom Building without competitive bidding, pursuant to City Code Section 12.02.073;
- Direct the City Clerk to publish notice of intention to lease without competitive bidding, pursuant to City Code Section 12.02.074;
- Find, in accordance with City Code Section 12.02.073(F), that special circumstances exist which make the use of the bid procedure inappropriate. Those special circumstances are that: (i) the building is suitable for use by the general contractor for the public project under construction across the street; and (ii) the condition of the building restricts its demand in the market;

City Council

Lease of Prom Building to Turner Construction without Competitive Bidding

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- Upon completion of the publication process pursuant to City Code Section 12.02.074, authorize the City Manager to execute a lease with Turner Construction Company for the Prom Building; and
- Amend the 1998-99 and 1999-00 Public Works, Maintenance Services Revenue & Expenditure Budget by \$42,000.

CONTACT PERSON:

Rhonda R. Lake, Real Property Agent, 264-7902
Bruce Alei, Real Estate Technical Manager, 264-5055

FOR THE COUNCIL DATE OF: June 30, 1998

SUMMARY:

The Prom Building is currently vacant and is comprised of approximately 5,027 square feet of office space in marginal condition. It is located across the street from Lot B which is the project site for the Cal/EPA Building (see map attached as Exhibit A). Turner Construction Company, general contractor for the Cal/EPA Building, contacted the City to negotiate a lease of the Prom Building during construction of the Cal/EPA project. Staff requests that Council adopt this resolution in order to lease the Prom Building to Turner Construction Company without competitive bidding.

BACKGROUND INFORMATION:

The Prom Building has provided office space to various City staff since its purchase in 1965. It is a two-story, U-shaped structure comprised of approximately 5,027 square feet with an open courtyard area in the center. Due to the age of the building, several key components of the structure and its improvements will likely need significant repair or replacement in the near term.

Turner Construction Company, general contractor for the Cal/EPA building, has expressed an interest in leasing the Prom Building during construction of the Cal/EPA project. The lease rate proposed by Turner is Three Thousand Five Hundred Dollars (\$3,500) per month, or approximately \$0.69 per square foot per month. Turner will accept the building in "as is" condition and maintain and repair the premises at its sole cost and expense, including all structural portions thereof. The City shall bear no cost

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for repair or maintenance of the building during the term of the lease and shall have no obligation to reimburse Turner for any cost of repair or maintenance. In addition, Turner will pay all utilities charges and taxes or assessments levied upon the premises as well as the cost of any tenant improvements. The term of the proposed lease is two (2) years and will generate Eighty Four Thousand Dollars (\$84,000) for the term. Staff has concluded that the proposed rent is appropriate considering the condition of the property and that the City will have no obligation for repairs and maintenance expense.

FINANCIAL CONSIDERATIONS:

It is proposed that funds generated from the Lease be received and appropriated to Public Works Department's Maintenance Services budget (101-310-3279-XXXX) in increments of \$42,000 in Fiscal Year 1998-99 and \$42,000 in FY 1999-00 to supplement major maintenance efforts at various City facilities.

ENVIRONMENTAL CONSIDERATIONS:

The project is exempt from the provisions of CEQA under Section 15301. The project consists of the operation of an existing public structure involving no expansion of use beyond that presently existing.

POLICY CONSIDERATIONS:

Under City Code Section 12.02.073, if Council deems it is in the best interest of the City, it may, upon giving notice of intention by resolution, authorize the negotiation of a lease including terms and conditions and, thereafter, lease real property without competitive bidding. Authorizing negotiation and leasing of property without bidding is consistent with City policy.

City Council
Lease of Prom Building to Turner Construction without Competitive Bidding
June 22, 1998

MBE/WBE:

None. No goods or services are being purchased.

Respectfully submitted,




Gary Alm, Manager
Development Services

Approved:



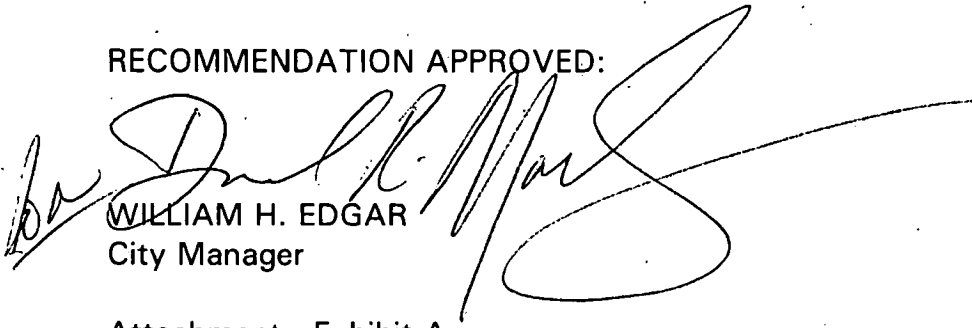
Duane Wray, Manager
Technical Services

Approved:



Michael Kashiwagi
Director of Public Works

RECOMMENDATION APPROVED:



WILLIAM H. EDGAR
City Manager

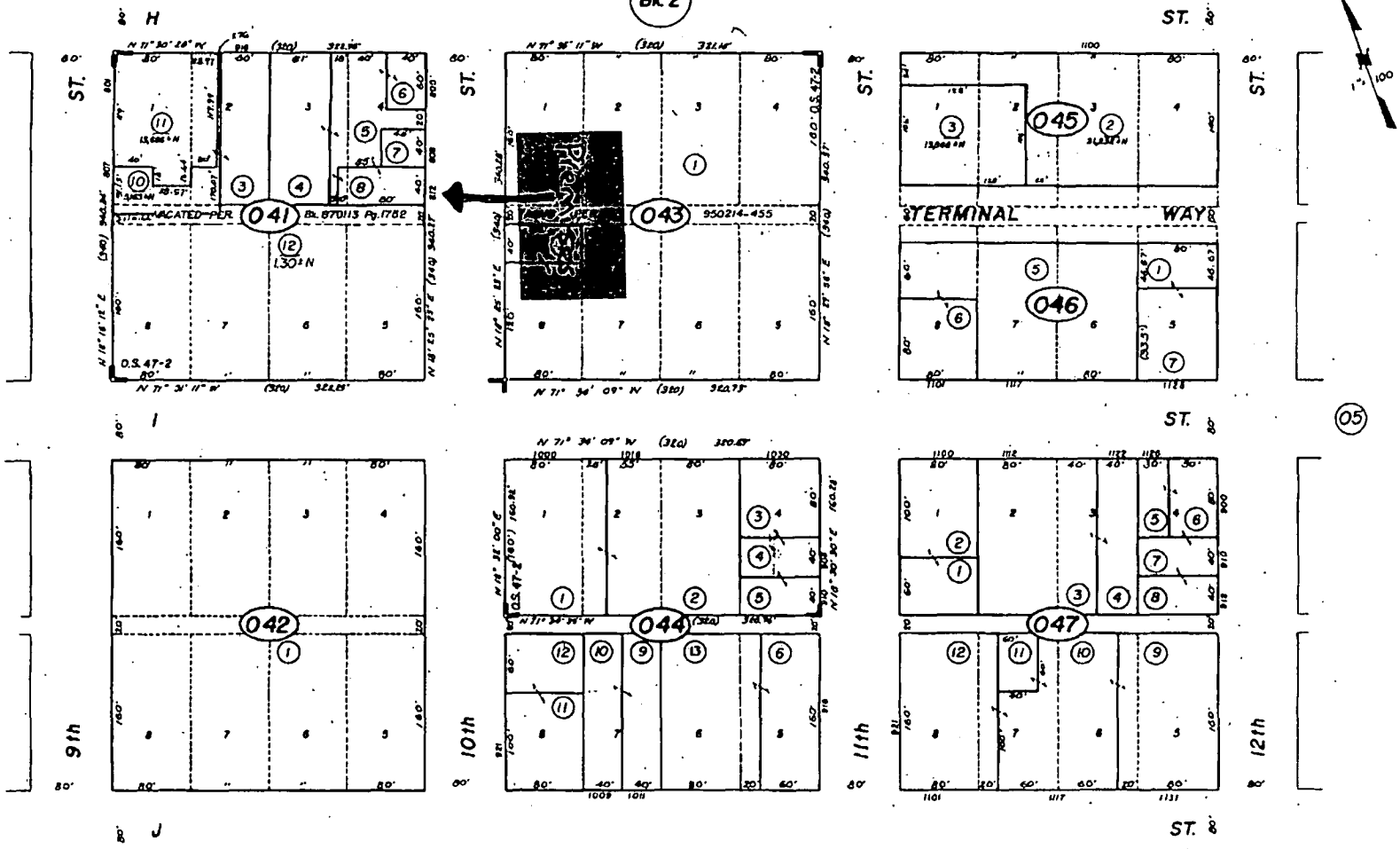
Attachment: Exhibit A

OLD CITY

Tax Area Code

6-04

Bk. 2



03

05

Record of Survey O. S. Bk. 47, Pg. 2 (10-30-89)

NOTE - Assessor's Block Numbers Shown in Ellipses
Assessor's Parcel Numbers Shown in Circles

CITY OF SACRAMENTO
Assessor's Map Bk. 6 - Pg. 04
County of Sacramento, Calif

Amended

APPROVED
BY THE CITY COUNCIL

RESOLUTION NO. 98-338

JUN 30 1998

ADOPTED BY THE SACRAMENTO CITY COUNCIL

OFFICE OF THE
CITY CLERK

ON DATE OF _____

RESOLUTION AUTHORIZING THE LEASE OF THE PROM BUILDING
LOCATED AT 812 10TH STREET WITHOUT COMPETITIVE BIDDING TO
TURNER CONSTRUCTION COMPANY, PURSUANT TO TITLE 12, CHAPTER
2 OF THE SACRAMENTO CITY CODE

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

1. Notice is hereby given that the City of Sacramento intends to lease the Prom Building located at 812 10th Street, without competitive bidding, pursuant to City Code Section 12.02.073.
2. The City Council finds and determines, in accordance with City Code Section 12.02.073(F), that special circumstances exist which make the use of the bid procedure inappropriate. Those special circumstances are that: (i) the poor condition of the building restricts its demand in the market; and (ii) the building is suitable for use by the general contractor for the public project under construction across the street.
3. The City Clerk is directed to publish this Resolution, in accordance with the provisions of City Code Section 12.02.074.
4. Upon completion of the publication process pursuant to Section 3 of this Resolution, the City Manager is hereby authorized and directed to execute a Lease with Turner Construction Company, a New York Corporation, for the Prom Building located at 812 10th Street. The agreement is on file with the City Clerk.

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

5. The City Manager is further authorized to execute such additional documents and to take such additional actions as necessary to implement the Lease with Turner Construction Company.
6. Amend the 1998-99 and 1999-00 Public Works Maintenance Services Revenue & Expenditure Budget to reflect lease proceeds to be received as follows:

Revenue:	101-310-3279-3670	\$42,000
Expenditures:	101-310-3279-4991	\$42,000

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

AMENDED

RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

RESOLUTION AUTHORIZING THE LEASE OF THE PROM BUILDING LOCATED AT 812 10TH STREET WITHOUT COMPETITIVE BIDDING TO TURNER CONSTRUCTION COMPANY, PURSUANT TO TITLE 12, CHAPTER 2 OF THE SACRAMENTO CITY CODE

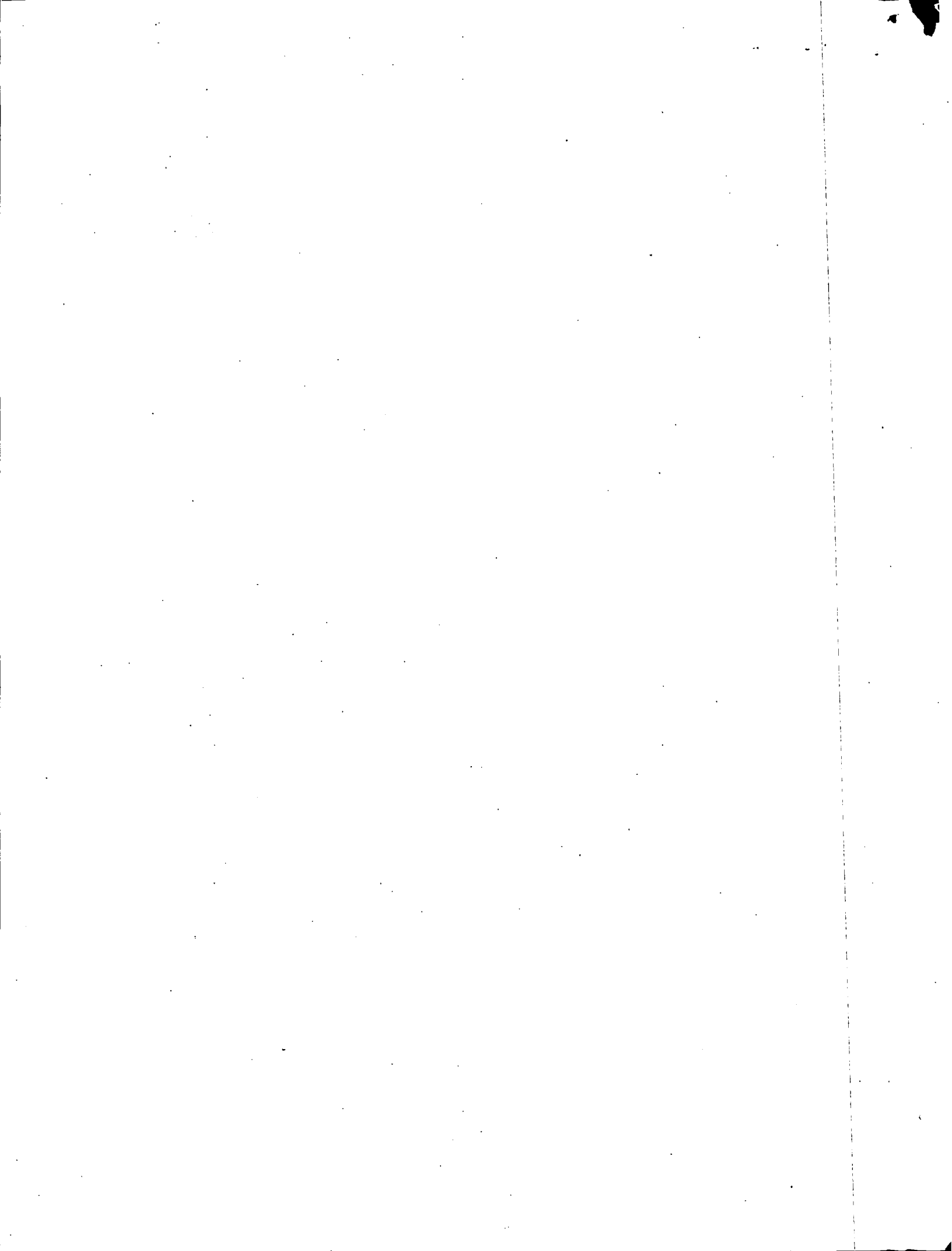
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5. The City Manager is further authorized to execute such additional documents and to take such additional actions as necessary to implement the Lease with Turner Construction Company.
6. Funds from this Lease will be deposited into the General Fund.

MAYOR

ATTEST:

CITY CLERK

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FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____