



5.1

**DEPARTMENT OF
PUBLIC WORKS**

OFFICE OF ENGINEERING AND
TRANSPORTATION SERVICES

CITY OF SACRAMENTO
CALIFORNIA

1023 J STREET
SUITE 200
SACRAMENTO, CA
95814-2819

916-449-5307

APPROVED
BY THE CITY COUNCIL

JAN 2 1990

OFFICE OF THE
CITY CLERK

AG 89143

January 2, 1990

City Council
Sacramento, California

Honorable Members In Session:

SUBJECT: Commercial Property Listing Agreement for the Commercial Space in the Civic Center Plaza
Parking Garage

SUMMARY/BACKGROUND

This item was heard by the Budget and Finance Committee on December 12, 1989. Please see attached Budget and Finance Committee report for information.

FINANCIAL DATA

Please see attached Budget and Finance Committee report.

POLICY CONSIDERATIONS

Please see attached Budget and Finance Committee report.

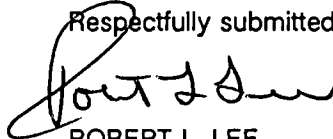
MBE/WBE

Please see attached Budget and Finance Committee report.

RECOMMENDATION

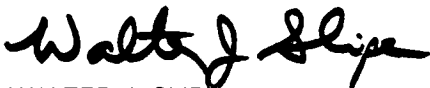
It is recommended that the attached resolution be adopted which authorizes the City Manager and the City Clerk to execute an agreement with Iiff, Thorn and Company for lease of the commercial space within the Civic Center Plaza Parking Garage.

Respectfully submitted,



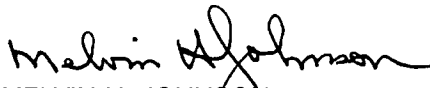
ROBERT L. LEE
Deputy Director of Public Works
Engineering Services

RECOMMENDATION APPROVED:



WALTER J. SLIPE
City Manager

APPROVED:



MELVIN H. JOHNSON
Director of Public Works

Contact Person to Answer Questions:

MARY WRAY
Assistant to the Transportation
Division Manager
449-5307

January 2, 1990
District 1

MW:sm
CA7-99

RESOLUTION NO. 90-022 **APPROVED**
BY THE CITY COUNCIL

ADOPTED BY THE SACRAMENTO CITY COUNCIL JAN 2 1990

ON DATE OF _____ OFFICE OF THE CITY CLERK

RESOLUTION AUTHORIZING THE CITY MANAGER AND THE CITY CLERK
TO EXECUTE AN AGREEMENT WITH ILIFF, THORN AND COMPANY
FOR LEASE OF THE COMMERCIAL SPACE WITHIN THE
CIVIC CENTER PLAZA PARKING GARAGE

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

That the City Manager and the City Clerk are hereby authorized and directed to execute an agreement with Iliff, Thorn and Company to list approximately 14,500 square feet of commercial space within the Civic Center Plaza Parking Garage for an amount not to exceed \$110,000.

MAYOR

ATTEST:

CITY CLERK

CA7-99

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____



DEPARTMENT OF
PUBLIC WORKS

OFFICE OF ENGINEERING AND
TRANSPORTATION SERVICES

CITY OF SACRAMENTO
CALIFORNIA

1023 J STREET
SUITE 200
SACRAMENTO, CA
95814-2819

916-449-5307

December 12, 1989

Budget and Finance Committee
Sacramento, California

Honorable Members In Session:

SUBJECT: Commercial Property Listing Agreement for the Commercial Space in the Civic Center Plaza
Parking Garage

SUMMARY

This report recommends adoption of the attached resolution authorizing the City Manager and the City Clerk to execute an agreement with Iliff, Thorn and Company to list approximately 14,500 square feet of commercial space within the Civic Center Plaza Parking Garage.

BACKGROUND

The Civic Center Plaza Parking Garage, a 1000+ space parking garage has been approved for construction on the southeast corner of 10th and I Streets. Per the current construction schedule, the design documents will be developed by November 1989, the project will be bid mid-March 1990, with construction beginning in June 1990 and running through November of 1991. In addition to the parking, the garage contains ground floor commercial space consistent with the Urban Design Guidelines. This space will be available for occupancy when the garage opens.

During the design planning of the garage, much consideration has been given to the Urban Design Guidelines and the development of a Civic Center Plaza concept. Because of the garage's location relative to City Hall, the new Library/Galleria and the future Civic Center building, it is desirable to attract businesses that will enhance the Civic Center area.

Traditionally, all management of commercial real estate properties owned by the City has been one of the duties assigned to the Real Estate section of the Engineering Division within the Department of Public Works. However, the Real Estate group's experience in commercial leasing is in the leasing of space within existing parking structures primarily responding to interested tenants who approach the City. The Real Estate group has no prior experience in designing commercial space or developing commercial tenants before a structure exists.

Therefore, the Civic Center Plaza Parking Garage Core Group considered listing the properties with a commercial real estate firm. It was further suggested that bringing the firm on-board to obtain tenants during the garage design would customize tenant improvements and minimize construction costs of the commercial space and encourage long term, successful leases by customizing the space to the use. This will avoid the costly situation of retrofitting the space after construction with facilities that could have easily and inexpensively been included during the construction phase (i.e., electrical stubouts, exhaust fans, grease pits, etc.).

The Sacramento Housing and Redevelopment Association, having experienced difficulty leasing available commercial space in Riverview Terrace, had recently conducted a request for proposals from real estate firms for the lease of their commercial space. In April of 1988, after negotiations with several responding firms, SHRA awarded a contract to Norris, Beggs and Simpson, represented by Devon Atlee and John Austin.

The Civic Center Plaza Parking Garage Core Group approached Norris, Beggs and Simpson to discuss successful tenant occupancy of the garage. Together they developed a marketing plan for the parking garage that focused on the needs for certain daily personal services of the parkers within the garage. Exhibit A is the marketing plan.

Based upon the evaluation/selection process of SHRA and the established successful relationship between Norris, Beggs and Simpson and the City on the Riverview Terrace properties, a listing agreement for the 14,500 square feet of commercial space within the Parking Garage was developed. However, prior to the acceptance of this agreement, John Austin made a career decision to leave Norris, Beggs and Simpson to lead the commercial real estate section of Iliff, Thorn and Company. Because the prior work between Atlee and Austin had been as a team comprised solely of these two individuals, it was agreeable to all parties to develop an agreement including John Austin at Iliff, Thorn and Company as a subcontractor on the listing agreement.

During the drafting of this agreement, Norris, Beggs and Simpson was awarded the contract to lease all of the commercial space in the Benvenuti Renaissance Tower. Devon Atlee contacted the Civic Center Plaza Parking Project Manager and explained that Norris, Beggs and Simpson's commercial real estate group would now have the leasing of this large project as a priority. Devon Atlee conceded the contract in favor of John Austin at Iliff, Thorn and Company.

The terms of the originally proposed contract with Norris, Beggs and Simpson were then resumed in the drafting of this listing agreement with Iliff, Thorn and Company.

FINANCIAL DATA

The leasing agent will be paid as a percentage of gross rents on a declining schedule from 6 percent in the first year to 2.5 percent per year for lease terms over ten years. The amount to be paid will depend on the square footage rented and rental rate but in no event should exceed \$110,000 (assuming all retail space at \$1.65 per square foot, for a ten year lease). This leasing agent cost will be built into the 1990-91 Off-Street Parking Operations budget. Revenue from office/commercial space rental will revert to the Parking Operations budget.

POLICY CONSIDERATIONS

The policy considerations contained within this report include: first, that the marketing of the Civic Center Plaza Parking Garage be oriented towards attracting financially viable businesses that will enhance the Civic Center and second, to obtain the highest possible rents for the space.

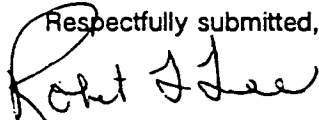
MBE/WBE

During the initial evaluation and selection process, SHRA complied with the M/WBE guidelines in place at that time.

RECOMMENDATION

It is recommended that the attached resolution authorizing the City Manager and the City Clerk to execute an agreement with Iiff, Thorn and Company for lease of the commercial space within the Civic Center Plaza Parking Garage be forwarded to the full City Council for approval.

Respectfully submitted,




ROBERT L. LEE
Deputy Director of Public Works
Engineering Services

RECOMMENDATION APPROVED:

APPROVED:

JACK R. CRIST
Deputy City Manager



MELVIN H. JOHNSON
Director of Public Works

Contact Person to Answer Questions:

December 12, 1989
District 1

MARY WRAY
Assistant to the Transportation
Division Manager
449-5307

Attachments

MW:sm
CA7-99
1129.89

RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

RESOLUTION AUTHORIZING THE CITY MANAGER AND THE CITY CLERK
TO EXECUTE AN AGREEMENT WITH ILIFF, THORN AND COMPANY
FOR LEASE OF THE COMMERCIAL SPACE WITHIN THE
CIVIC CENTER PLAZA PARKING GARAGE

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MAYOR

ATTEST:

CITY CLERK

CA7-99

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

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100
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100
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OFFICE OF THE
CITY CLERK.

OPERATION SERVICES

CITY OF SACRAMENTO
CALIFORNIA

CITY HALL
ROOM 304
915 I STREET
SACRAMENTO, CA
95814-2671

916-449-5426

January 8, 1990

Iiff, Thorn and Company
Attn: John Austin
1610 Arden Way Suite 245
Sacramento CA 95815

On January 2, 1990, the Sacramento City Council adopted Resolution No. 90-022 authorizing the execution of Agreement No. 89143 regarding commercial property listing for the commercial space within the Civic Center Plaza Parking Garage.

Enclosed, for your records, is one fully certified copy of said agreement and authorizing resolution.

Sincerely,

Valerie A. Burrowes
City Clerk

mls/5.1

Enclosures

cc: Public Works
Risk Management