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SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

February 3, 1981

CITY MANAGER'S OFFICE
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Redevelopment Agency of the
City of Sacramento
Sacramento, California

Honorable Members in Session:

SUBJECT: Amendment to Operating Agreement Between the
Redevelopment Agency and Systems Auto Parks &
Garages of San Francisco, Inc., - 12-12-K-L Block

SUMMARY

The attached resolution authorizes the Executive Director to execute an amendment to the operating agreement between the Redevelopment Agency and Systems Auto Parks & Garages of San Francisco, Inc., which would allow Systems to operate a parking facility on the 12-13-K-L Block for a term of three years at a rate of \$9,535 per month.

BACKGROUND

On December 30, 1980 the Redevelopment Agency requested that the staff address the following three items:

1. Value of the leasehold interest in the Kimmel/Hart properties to the Agency/City.

The current market value of this property has not been established although the purchase price in 1979 was \$1.71 million. This property value is reduced by 20% to 25% because it is encumbered by the Agency's long-term leasehold interest (which reflects a \$341,630 to \$427,030 reduction based on a value of \$1.71 million). It is anticipated that if the Agency decided to purchase this property its leasehold interest could reduce the fair market value and thus the cost to the Agency by this 20% to 25% amount. Aside from the monetary value of this leasehold interest, the Agency, through its contractual control of the property, has leverage over the eventual use of the site.

APPROVED
SACRAMENTO REDEVELOPMENT AGENCY

Date 2/10/81

2-10-81

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the
City of Sacramento
February 3, 1981
Page -2-

2. Comparison of whether or not the City could operate the parking lot at a greater profit than the private vendor.

According to estimates prepared by the City Traffic Division, the City's net monthly operating revenues would be approximately \$6,200 less than those of a private vendor. This difference is primarily due to the difference between City employment practices and those of the private vendor (Civil Service process versus private hiring and the vendor's ability to pay minimum wage) as well as the difference in short term parking rates (Vendor Rates: \$.25 per half hour versus City Rates: \$.25 per hour, \$.40 per hour after three hours). Following is a comparison summary of the estimated monthly budgets:

	<u>Private Vendor</u>	<u>City</u>
Gross Revenues	\$12,000	\$8,000
Expenditures	<u>- 2,320</u>	<u>4,550</u>
	\$ 9,680	\$3,450

3. Explanation of why the revenue from a parking lot operator could not offset the cost of the leasehold interest paid to Kimmel/Hart.

It should be noted at this point that at the time the Agency executed these leases there was no intention on the part of the Agency to enter into a parking lot operating agreement to offset the cost of this leasehold interest. The underlying reason for the Agency's possession of these leases has been site control. As an afterthought and by agreement dated January 1, 1980, the Agency entered into a one-year operating agreement with Systems Auto Parts & Garages, Inc. Under this agreement, Systems operated the above-mentioned parking lot and paid the Agency \$7,500 per month. As originally drafted, this agreement failed to include three (3) parcels and the Agency's costs (i.e., rent, taxes and assessments) associated with these three parcels. By amendment dated April 1, 1980 these properties were added to this lease. No adjustment was made in the rental payment. The Agency's total liability under this revised lease was \$9,534.09 per month; its income

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the
City of Sacramento
February 3, 1981
Page -3-

during 1980, under the operating agreement, was \$7,500 resulting in a net loss of \$2,034.19 per month.

At the request of the City Council, the Agency directly renegotiated the proposed operating agreement (copy attached) between the Agency and Systems Auto Parks & Garages of San Francisco, Inc., resulting in the vendor agreeing to a rate equal to our current lease obligation for a three year term, thus, offsetting the current cost of the leasehold interest paid to Kimmel. The Agency's obligation for the maintenance of these leases is the combination of a fixed monthly rent of \$7,548.06 plus the payment of \$1,986.03 for taxes and assessments on these parcels.

FINANCIAL DATA

This operating agreement amendment has a term of three years and is in an amount equal to the Agency's current obligation for its leasehold interest in the property (\$9,535).

VOTE AND RECOMMENDATION OF COMMISSION

At its regular meeting of February 2, 1981, the Sacramento Housing and Redevelopment Commission adopted a motion recommending the amendment to operating agreement. The votes were recorded as follows:

AYES: Knepprath, Luevano, Serna, Teramoto,
B. Miller

NOES: None

ABSENT: Coleman, Fisher, B. Miller

RECOMMENDATION

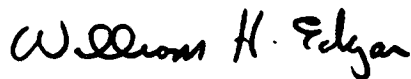
The staff recommends adoption of the attached resolution authorizing the Executive Director to execute an amendment to

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the
City of Sacramento
February 3, 1981
Page -4.

the operating agreement between the Redevelopment Agency and
Systems Auto Parks & Garages of San Francisco.

Respectfully submitted,



WILLIAM H. EDGAR
Interim Executive Director

TRANSMITTAL TO COUNCIL:



WALTER J. ELIPE
City Manager

RESOLUTION NO. RA 81-008

Adopted by the Redevelopment Agency of the City of Sacramento

February 10 1981

AUTHORIZING CONTRACT AMENDMENT WITH
SYSTEMS AUTO PARKS & GARAGES OF SAN
FRANCISCO FOR THE 12TH-13TH-K-L-BLOCK

BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE
CITY OF SACRAMENTO:

1. The Interim Executive Director is authorized to execute a contract amendment with Systems Auto Parks and Garages of San Francisco, Inc., which would allow Systems to operate a parking facility on the 12th-13th-K-L Block for a term of three years at a rate of \$9,535.00 per month.

CHAIRMAN

ATTEST:

SECRETARY

APPROVED
SACRAMENTO REDEVELOPMENT AGENCY

Date 2/10/81

THIRD AMENDMENT
TO OPERATING AGREEMENT

THIS AMENDMENT, made and entered into this _____ day of _____, 1981, by and between the REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO, a public body, corporate and politic (hereinafter referred to as "Agency"), and SYSTEM AUTO PARKS AND GARAGES OF SAN FRANCISCO, INC., a California corporation (hereinafter referred to as "System"), does amend that certain Operating Agreement executed by the parties hereto as of January 1, 1980, as follows:

1. The term of the Agreement shall be modified so as to expire on December 31, 1983. All other provisions relating to the term of the Agreement shall remain unaffected.

2. Said Agreement shall be amended to provide that for the period from February 1, 1981 through December 31, 1983, inclusive, System shall pay to Agency the fixed sum of NINE THOUSAND FIVE HUNDRED THIRTY-FIVE DOLLARS (\$9,535.00) each month. All other provisions relating to payments by System to Agency shall remain unaffected by this modification.

3. All other terms and conditions of the Operating Agreement, as amended, shall remain unchanged.

IN WITNESS WHEREOF, the parties hereto have executed this Third Amendment the day and year first above written.

REDEVELOPMENT AGENCY OF THE CITY
OF SACRAMENTO

By _____
Executive Director

APPROVED AS TO FORM:

Chief Counsel

SYSTEM AUTO PARKS AND GARAGES OF
SAN FRANCISCO, INC.

APPROVED:

By _____

Finance Department

Funding Source

[Authorized by Resolution
No. _____]