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Title: Approve the First Amendment to Agreement between the City of Fresno and PACCOM Realty Advisors, INC., a California corporation, dba Cushman and Wakefield Pacific

Sponsors: Office of Mayor & City Manager

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Attachments: 1. First Amendment to Asset Mgmt 022018.pdf

Date	Ver.	Action By	Action	Result
3/1/2018	1	City Council	approved	Pass

REPORT TO THE CITY COUNCIL

March 1, 2018

FROM: WILMA QUAN-SCHECTER, City Manager
City Manager's Office

LAURA GLORIA, Deputy City Manager
City Manager's Office

SUBJECT

Approve the First Amendment to Agreement between the City of Fresno and PACCOM Realty Advisors, INC., a California corporation, dba Cushman and Wakefield Pacific

RECOMMENDATION

Staff recommends that City Council Approve the First Amendment to Agreement between the City of Fresno and PACCOM Realty Advisors, INC., a California corporation, dba Cushman and Wakefield Pacific and authorize the City Manager or designee to execute the amendment.

EXECUTIVE SUMMARY

On March 6, 2014, the Fresno City Council adopted the Asset Management Act (Act) which was authorized by then Councilmember Lee Brand. The Act included a provision that called for the issuance of a Request for Proposals (RFP) from qualified real estate professionals who could assist the City in strategic planning and asset management. On October 28, 2014, the City received a RFP

response from CBRE, in partnership with Cushman & Wakefield/Pacific Commercial Realty Advisors (PACCOM) who were subsequently awarded the Asset Management Contract effective March 9, 2015.

Since then, CBRE and PACCOM have provided a variety of real estate and asset management services, including the creation of a detailed listing of all properties owned and leased by the City of Fresno as well as a Strategic Real Estate Plan which was presented to council on December 10, 2015. CBRE and PACCOM have worked closely with the City's administration to identify opportunities to increase revenues or reduce expenses by identifying the number and type of properties owned or leased by the City, evaluating the overall condition and lease terms of these properties, analyzing opportunities to reduce and renegotiate leases based on market conditions, and whether additional revenue can be generated through the sale, lease or auction of underutilized or surplus property. The proposed First Amendment will extend the term of the contract as well as redefine the scope to align with current provided services.

BACKGROUND

On September 26, 2014, a Request for Proposal (RFP) was issued in which the City sought proposals for asset real estate management services for properties owned or leased by the City of Fresno. The work would include identifying and cataloging the number and type of properties owned or leased by the City, evaluating the overall condition and lease terms of these properties, analyzing opportunities to reduce and renegotiate leases based on market demand, and the amount of revenue that might be generated through the sale, lease or auction of surplus property.

On October 28, 2014, the City received a proposal from CBRE, Inc., in partnership with Cushman & Wakefield/Pacific Commercial Realty Associates (PACCOM). Based on the proposal CBRE would develop a Strategic Real Estate Plan which identified opportunities in which to reduce expenses and/or maximize revenues as well as identify future space requirements for various departments and PACCOM would evaluate City-owned property to determine the best approach for disposition and provided marketing services for said properties. On December 10, 2015, CBRE presented the Strategic Plan to the City Council which was compiled through various department interviews and reviewing citywide lease, sale and real estate documents. Since then, PACCOM has moved forward with the implementation of said recommendations and has been successful in negotiating transactions for the Northwest Police Station Lease, Tower District Police Report Writing Station, Starpoint Towers Police Report Writing Room, Disposition and Development Agreement for M & Inyo property, and is currently working on several other real estate transactions.

The proposed amendment extends the Asset Management Contract for the continued services of PACCOM and removes CBRE from the agreement as their services have been completed with the creation of the Strategic Real Estate Plan. The proposed Amendment is for a three year term with two, one year extension options. Staff recommends that City Council Approve the First Amendment to Agreement between the City of Fresno and PACCOM and authorize the City Manager or designee to execute the amendment.

ENVIRONMENTAL FINDINGS

By the definition provided in the California Environmental Quality Act (CEQA) Guidelines Section 15378, the approval of this amendment does not qualify as a "project" for the purpose of CEQA.

LOCAL PREFERENCE

Local preference does not apply because this is an amendment to an existing agreement.

FISCAL IMPACT

The proposed Amendment will have no impact to the General Fund. Compensation for all brokerage services performed are based and derived from sales and leasing brokerage transactions.

Attachment:

First Amendment to Agreement