



REPORT TO COUNCIL

City of Sacramento

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915 I Street, Sacramento, CA 95814-2604
www.CityofSacramento.org

Consent
November 16, 2010

Honorable Mayor and
Members of the City Council

Title: Agreement: Second Amendment to Lease with CBS Outdoor, Inc. for Three City-Owned Billboard Structures adjacent to Business 80 at Sutter's Landing Regional Park

Location/Council District: Northwest Side of Business 80 at Sutter's Landing Regional Park, Council District 3

Recommendation: Adopt a **Resolution:** 1) finding and determining that it is in the best interest of the City to extend the termination date of the lease with CBS Outdoor, Inc. for the three City-owned billboard structures adjacent to Business 80 (City Agreement No. 2006-1404) to December 31, 2012, without bidding because special circumstances make use of the bid procedures inappropriate; 2) authorizing the City Manager to execute a second amendment extending the termination date of the lease to December 31, 2012; 3) designating lease revenue to capital projects at Sutter's Landing Regional Park; and, 4) authorizing the City Manager or his designee to adjust revenue and expenditure budgets for the Sutter's Landing Regional Park Capital Improvement Program (L19167000) to account for the lease revenue.

Contact: Lori Harder, Support Services Manager, 808-5172

Presenters: None

Department: Parks and Recreation

Division: Administration

Organization No: 19001011

Description/Analysis

Issue: On December 12, 2006, following the completion of a competitive bid process that identified CBS Outdoor, Inc., as the highest responsible bidder, the City Council awarded a three-year lease to CBS Outdoor for three City-owned outdoor advertising structures on Business Route 80. With City Council approval, the City and CBS Outdoor amended City Agreement No 2006-1404 in December 2009 to extend the lease term for an additional one-year term. The lease expires on December 31, 2010. Staff is recommending the City Council approve a second amendment to extend the termination date to December 31, 2012, in order to provide staff additional time to evaluate the possible replacement of the existing three billboard structures with an

electronic digital billboard that could potentially generate greater revenue for future park development. Due to the deterioration of the economy, staff is seeking additional time to assess all revenue opportunities.

CBS Outdoor, Inc., the current lessee, is willing to enter into a two-year lease extension to provide the City additional time to explore alternate options to maximize revenues. Given the short time before the lease termination date, the lease could expire and the City could lose significant lease revenue if the City follows bid procedures in City Code Chapter 3.68.

Policy Considerations: The recommended actions in this report are consistent with City Code Chapter 3.68 regarding leasing of City owned property.

Continuing the dedication of lease revenues to develop Sutter's Landing Regional Park is consistent with Council's goal to achieve sustainability and livability.

The recommended action is consistent with policies contained in the Council approved *Parks and Recreation Master Plan 2005 – 2010* including: Pursue dedicated and consistent funding for regionally serving park and amenities. Develop an expanded vision and plan for a system of regional parks including destination attractions or facilities such as large parks, unique venues, parkways, and river/creek corridors.

California Environmental Quality Act (CEQA): The proposed action is exempt from environmental review pursuant to the CEQA Guidelines section 15301(a) because it consists of the leasing of existing public structures involving no expansion of the existing use.

Sustainability Considerations: The amendment extending the lease between CBS Outdoors and the City of Sacramento is consistent with the goals, policies and targets of the Sustainability Master Plan and the Parks and Recreation Sustainability Plan.

Commission/Committee Action: None with this item.

Rationale for Recommendation: The City of Sacramento generates significant revenue by leasing the three City-owned billboards located adjacent to Business 80 along the southeast boarder of Sutter's Landing Regional Park. The most recent lease was awarded based on the Invitation for Bids (IFB) issued in 2006 and resulted in lease revenue of \$1,125,000 which was designated for Sutter's Landing Regional Park. There are no dedicated funding sources for regional park development; therefore, securing unique funding opportunities such as this is critical to develop Sacramento's regional park system.

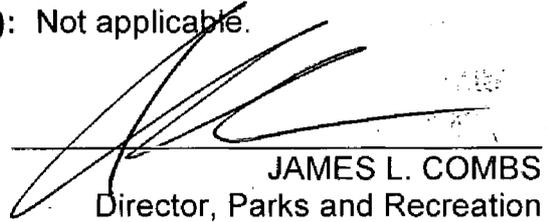
Staff is requesting to extend the lease termination date to December 31, 2012, to provide staff additional time to assess all revenue opportunities as well as to evaluate the possible replacement of the existing three billboard structures with an electronic

digital billboard that could potentially generate greater revenue for future park development. Given the short time before the lease termination date, the lease could expire and the City could lose significant lease revenue if the City follows the bid procedures in City Code Chapter 3.68.

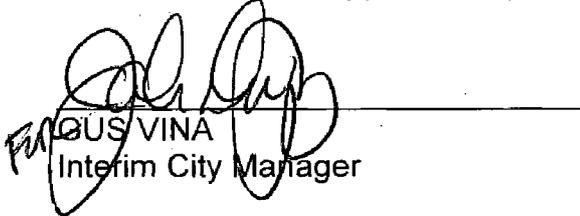
Financial Considerations: During the two year extended term of the lease, CBS Outdoor will make monthly rental payments of \$31,250 for a total of \$750,000 in general funds that will be appropriated to the Sutter's Landing Regional Park Project (L19167000).

Emerging Small Business Development (ESBD): Not applicable.

Respectfully Submitted by:


JAMES L. COMBS
Director, Parks and Recreation

Recommendation Approved:


ANGUS VINA
Interim City Manager

APPROVED AS TO FORM:

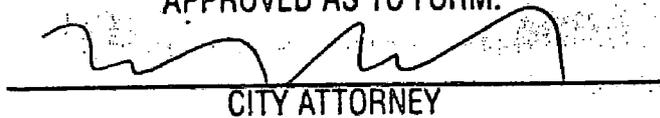

CITY ATTORNEY

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RESOLUTION NO. 2010-

Adopted by the Sacramento City Council

November 16, 2010

SECOND AMENDMENT TO LEASE WITH CBS OUTDOOR, INC. FOR THREE CITY-OWNED BILLBOARD STRUCTURES ADJACENT TO BUSINESS 80 AT SUTTER'S LANDING REGIONAL PARK

BACKGROUND

- A. On December 12, 2006, following the completion of a competitive bid process that identified CBS Outdoor, Inc. as the highest responsible bidder, the City Council awarded a three-year lease to CBS Outdoor, Inc. (City Agreement No. 2006-1404) for the three City-owned billboards located adjacent to Business 80 at Sutter's Landing Regional Park.
- B. On December 8, 2009, the City Council adopted Resolution 2009-743 extending the lease term until December 31, 2010.
- C. Given the short time before the lease termination date, the lease could expire and the City could lose significant lease revenue if the City follows the bid procedures in City Code Chapter 3.68.
- D. CBS Outdoor, Inc. is willing to enter into a second lease amendment extending the termination date of the lease by two years. A two-year extension will provide the City additional time to explore all options for the billboard site to maximize revenue opportunities.
- E. The lease revenue is designated to the Sutter's Landing Regional Park Project (L19167000). There are no dedicated funding sources for regional park development; therefore, securing unique funding opportunities such as this is critical to develop Sacramento's regional park system.
- F. Lease revenues of \$750,000 during the two-year extended term of the lease would be dedicated to the development of Sutter's Landing Regional Park.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The City Council finds and determines that it is in the best interest of the City to extend the termination date of the lease with CBS Outdoor, Inc. for the three City-owned billboard structures adjacent to Business 80 (City Agreement No. 2006-1404) to December 31, 2012, without bidding because special circumstances make use of the bid procedures inappropriate.
- Section 2. The City Manager is authorized to execute a second amendment extending the termination date of the lease to December 31, 2012.
- Section 3. The lease revenue is designated to the Sutter's Landing Regional Park Project (L19167000).
- Section 4. The City Manager or his designee is authorized to adjust revenue and expenditure budgets for the Sutter's Landing Regional Park Capital Improvement Program (19167000) for the lease revenue in the amount of \$750,000.
- Section 5. The second amendment to the lease described in Section 2 is attached as Exhibit A and is made a part of this Resolution.

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Exhibit A – Second Amendment to Lease



City of Sacramento

Tax ID # if applicable:

Requires Council Approval: No YES Meeting: 11/16/10

Real Estate Other Party Signature Needed Recording Requested

General Information

Type: Select Contract Type \$ Not to Exceed: \$	PO Type: Select PO Type LEASE AMENDMENT	Attachment: Original No.: Original Doc Number:
Other Party: CBS Outdoors, Inc.		Certified Copies of Document::
Project Name: Second Amendment to Lease w/CBS Outdoor, Inc. for Billboard Structures adjacent to Business 80		Deed: <input type="checkbox"/> None <input type="checkbox"/> Included <input type="checkbox"/> Separate
Project Number:	Bid Transaction #:	E/SBE-DBE-MWBE:

Department Information

Department: Parks and Recreation Division: Admin
 Project Mgr: Marcy Tierce Supervisor: Lori Harder
 Contract Services: Lease Agrmt. Date: Division Mgr: Lori Harder
 Phone Number: 808-5129 Org Number: 19001011
 Comment:

Review and Signature Routing

Department	Signature or Initial	Date
Project Mgr:	<i>MT</i>	10/22/10
Accounting:		
Contract Services:		
Supervisor:	<i>LT</i>	10/22
Division Manager:	<i>LT</i>	10/22

City Attorney	Signature or Initial	Date
City Attorney:	<i>MTS</i>	10/25/10

Send Interoffice Mail Notify for Pick Up

Authorization	Signature or Initial	Date
Choose Director Department Director:	<i>[Signature]</i>	11-2-10
City Mgr: yes <input checked="" type="checkbox"/> No <input type="checkbox"/>		

Contract Cover/Routing Form: Must Accompany ALL Contracts; however, is not part of the contract. (01-01-09)

For City Clerk Processing	
Finalized:	<i>0966</i>
Initial:	
Date:	
Imaged:	
Initial:	
Date:	
Received:	
(City Clerk Stamp Here)	

**SECOND AMENDMENT TO LEASE BETWEEN THE CITY OF SACRAMENTO AND
CBS OUTDOOR INC. FOR THE OPERATION AND MAINTENANCE OF THREE
OUTDOOR ADVERTISING STRUCTURES ON BUSINESS ROUTE 80**

This lease extension, executed in Sacramento, California, is made on _____,
between the City of Sacramento, a municipal corporation, ("Lessor") and CBS Outdoor, Inc., a
division of the CBS Corporation, ("Lessee").

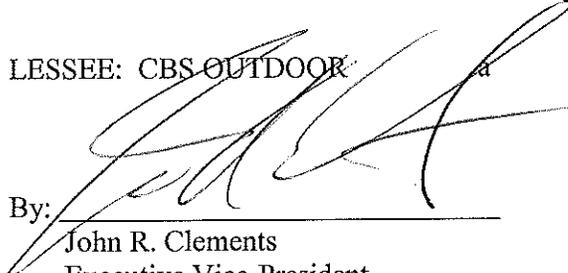
Lessor and Lessee agree as follows:

1. The termination date of the lease between Lessor and Lessee, City Agreement #2006-1404, ("Lease") is extended from December 31, 2010 to December 31, 2012 ("Extended Term").
2. Lessee agrees to and shall pay to Lessor monthly rent of \$31,250 (thirty-one thousand two hundred fifty dollars) for the advertising structures during the Extended Term. The monthly rent shall be due and payable on the tenth (10th) day of each month in advance at the Revenue Division of the City of Sacramento, 915 I Street, 1st Floor, Sacramento, California 95814.
3. All other terms of the Lease remain unchanged.

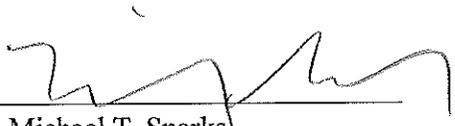
LESSOR: CITY OF SACRAMENTO,
municipal corporation

By: _____
Cassandra Jennings, Assistant City Mgr.
for Gus Vina, Interim City Manager

LESSEE: CBS OUTDOOR

By: 
John R. Clements
Executive Vice-President

Approved as to form:

By: 
Michael T. Sparks,
Senior Deputy City Attorney

Attest:

By: _____
City Clerk

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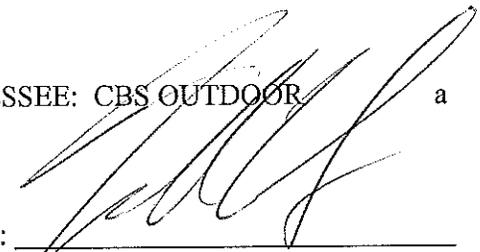
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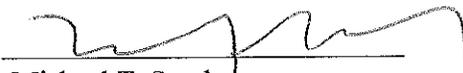
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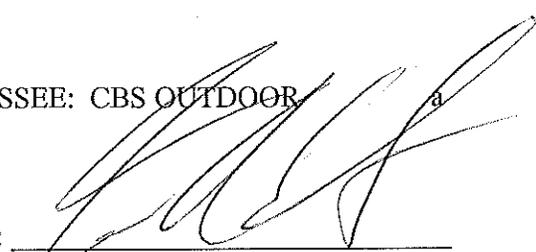
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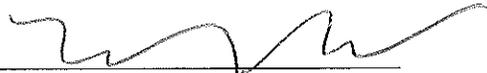
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