

TO: OVERSIGHT BOARD MEMBERS **DATE:** APRIL 11, 2018

FROM: COMMUNITY & ECONOMIC DEVELOPMENT **WARD:** 1
DEPARTMENT

SUBJECT: PURCHASE AND INSTALLATION OF SIX UMBRELLAS FOR THE SUCCESSOR AGENCY-OWNED CALIFORNIA TOWER COMMERCIAL BUILDING LOCATED AT 3737 MAIN STREET, IN AN AMOUNT NOT TO EXCEED \$86,709

In order to stimulate economic development within the Merged Downtown/Airport Industrial – Hunter Park/Northside Redevelopment Project Area in early 1994, the City Council and the former Redevelopment Agency authorized the purchase of the former vacant Security Pacific Bank Tower located at 3737 Main Street (Property – California Tower). Shortly after acquisition of the Property, the former Redevelopment Agency began renovation and leasing of the Property to retail and office users in an effort to re-energize the Main Street pedestrian mall.

On April 26, 1994, the former Redevelopment Agency entered into a lease agreement with the State of California – Department of General Services (DGS). The Redevelopment Agency agreed to lease to DGS the 160,000 square foot office tower with 22,400 square feet of ground floor retail and office space (Ground Floor) for the term of thirty years (Lease Agreement). Furthermore, the former Redevelopment Agency and DGS also entered into a Leaseback Agreement in which the former Redevelopment Agency is exclusively responsible for the operation, ordinary and extraordinary maintenance and repairs, leasing and funding of tenant improvements associated with the Ground Floor. The term of the Leaseback Agreement runs concurrently with the Lease Agreement.

Pursuant to Section 2 (B) of the Leaseback Agreement, the former Redevelopment Agency agreed to leaseback from DGS the Ground Floor of the Property until October 1, 2024. Pursuant to Section 2 (ii) of the Leaseback Agreement, the former Redevelopment Agency agreed not to abandon or vacate the Leaseback Area and shall use the Leaseback Area in a manner consistent with the terms of the Leaseback Agreement. Pursuant to Section 4 of the Leaseback Agreement, the former Redevelopment Agency also agreed to pay for all maintenance and repairs (which includes the Main Street umbrellas), tenant improvements, leasing of vacant spaces and maintaining the overall attractiveness of the Ground Floor and food court area.

Per a professional consultant services agreement, executed on December 21, 2017, Inland Pacific Advisors (IPA) is the property management firm and the leasing agent/broker for the Successor Agency-owned California Tower commercial building, located at 3737 Main Street, and is responsible for collecting rents and enforcing existing leases; paying all associated operating expenses, supervising repairs and maintenance; and providing management for all major maintenance and repair projects for California Tower. This agreement allows IPA, with the approval of City Council, Oversight Board and Department of Finance, to hire a general contractor and for IPA to charge a fee for project management services to oversee work performed by a general contractor.

DISCUSSION:

The project includes the removal of existing damaged umbrellas (owned and previously paid for by California Tower), located on the Main Street pedestrian mall, which service California Tower guests and food court patrons. The existing umbrellas were not designed for the high winds regularly experienced and have become extremely cost prohibitive to repair on a weekly and monthly basis. The new umbrellas will provide enhanced shade, increased wind resistance significantly decreased monthly maintenance costs, and may be easily removed for special events (such as Festival of Lights).



On October 4, 2018, IPA issued a Request for Proposals to solicit bids for the fabrication & installation of six (6) new umbrellas along the Main Street pedestrian mall between University and Mission Inn Avenues. IPA received four (4) bids. The most responsive bid was received from USA Shade and Fabric in the amount of \$82,580.

Pursuant to the IPA contract, IPA shall perform the project management services and USA Shade and Fabric, as the most responsive bidder, shall fabricate and install the new umbrellas. IPA and all contractors and subcontractors shall pay general prevailing wage rates as determined by the Director of the Department of Industrial Relations under Section 1720 et. seq. of the California Labor Code and implemented by City Council Resolution No. 13346. The estimated timeline for installation is 6-8 weeks for standard fabrication and 2 weeks for installation.

The cost breakdown for the new umbrellas is as follows:

Unit Quantity:	6 umbrellas
Unit Total:	\$82,580
Installation:	Included
<u>IPA Project Management Fee:</u>	<u>\$4,129</u>
Total:	\$86,709

Staff recommends that the Oversight Board adopt a resolution approving the purchase and installation of six (6) new umbrellas, in an amount not to exceed \$86,709, for the California Tower building located at 3737 Main Street.

There is sufficient funding for the project in a lease revenue account held in trust for the Successor Agency by IPA. Upon completion of the work, IPA will pay USA Shade and Fabric up to \$82,580 from the aforementioned trust account and the Successor Agency will pay IPA their project management fee of \$4,129 from the same trust account.

Prepared by: Rafael Guzman, Community & Economic Development Director
Approved as to form: Gary G. Geuss, Successor Agency General Counsel

Attachments:

1. Resolution
2. Umbrella Rendering