



CITY OF SAN MATEO

City Hall
330 W. 20th Avenue
San Mateo CA 94403
www.cityofsanmateo.org

Agenda Report

Agenda Number: {{item.number}}

Section Name: {{section.name}}

File ID: {{item.tracking_number}}

TO: City Council
FROM: Drew Corbett, City Manager
PREPARED BY: City Manager's Department
MEETING DATE: June 15, 2020
SUBJECT:
Property Management Services - Amendment

RECOMMENDATION:

Approve an amendment for a six-month extension of the Commercial Property Management Contract with Capital Realty Group for City-owned commercial properties for an estimated amount of \$10,000, allow collection of service fees during the rent deferral period, and authorize the City Manager to execute the amendment in substantially the form presented.

BACKGROUND:

The City owns commercial retail spaces in the Downtown at the Transit Center and on the ground floor of the Main Street Garage. These spaces are leased to a variety of commercial tenants. Since 2012, these commercial spaces have been managed by Capital Realty Group. The City's contract with Capital Realty expires on June 30, 2020. In January 2020, the City issued a Request for Proposals (RFP) for Commercial Property Management Services to evaluate whether we should switch to a new vendor. Staff scheduled interviews in April, however, due to the impact of COVID-19, interviews have been postponed until July 2020.

Considering the difficult economic impacts from COVID-19, the City Council allowed for the deferral of rents in April, May, and June for our tenants. Capital Realty has helped the City provide notification and worked with the tenants through this difficult period. However, they have not been able to collect their fees, because their service fee is based on rent collection revenue. Thus, staff is amending the contract to allow for payment of service fee to Capital Realty for their fees that have not been paid as a result of the deferred rent. Furthermore, staff is seeking authority to extend Capital Realty's contract with the City to December 31, 2020 to allow for continued management of the City's properties, allow staff time to continue evaluating the RFP submittals, and plan for a possible transition for the City's commercial property management services. The extended term does not change the scope of services or fees. Additionally, the City can terminate the contract agreement with two-weeks' notice during the extended period.

BUDGET IMPACT:

Capital Realty Group charges a 6% management fee, which is deducted from the lease payments remitted to the City. The anticipated fees to be collected by Capital Realty Group during this period are estimated at \$10,000. Based on the proposed fees in the RFP submittals, this amount is equal and/or less than the fees the City would pay if the contract was transitioned to a new vendor.

ENVIRONMENTAL DETERMINATION:

In accordance with CEQA Guidelines Section 15378(b)(5), amendment of this contract is not a project subject to CEQA in that it is an administrative activity that will not impact the environment.

NOTICE PROVIDED

All meeting noticing requirements were met.

ATTACHMENTS

Att 1 - First Amendment

STAFF CONTACT

Jennifer Chen, Economic Development Manager

jchen@cityofsanmateo.org

(650) 522-7009