

REPORT TO THE CITY COUNCIL

City of Salinas, California

DATE: November 15, 2016

FROM: Gary Petersen, Director of Public Works

BY: Don Reynolds, Assistant Director of Public Works

**SUBJECT: LEASE AGREEMENT WITH SERCO INC., PROVIDING PARKING
ENFORCEMENT SERVICES AT 7 STATION PLACE**

RECOMMENDATION:

It is recommended that the City Council approve a resolution authorizing the City Manager to execute a Lease Agreement with SERCO Inc., to provide parking enforcement services at 7 Station Place (an office space within the Salinas Train Station).

DISCUSSION:

Background

On August 16, 2016, the City Council approved Resolution No. 21024 and awarded the contract for private parking enforcement to SERCO Inc. Since that time, SERCO has been preparing to provide these services, which were launched November 1, 2016. To meet the November 1 launch goal, temporary offices are being provided at the Public Works Yard on Work Street. But SERCO and staff agree that by centralizing the offices by moving them to a permanent location downtown will help to will make the operation run more efficiently.

After spending more than \$1 million dollars to refurbish the Freight Building and Train Station at the Intermodal Transportation Center, the City was unable to execute leases with Union Pacific and Monterey Salinas Transit for the offices they requested in the Train Station. The two small offices remain vacant, and are used for special occasions and special meetings when needed. The MST office consist of 394 square feet, has access to the front of the Station next to the Greyhound offices, has access to the newly built restrooms and break area, and plenty of parking for staff.

Although both the AMTRAK Lease and Greyhound Lease are quite different, they basically amount to a lease of \$1 per square foot, plus consideration for the use of the common spaces. Their uses are unique to the Train Station because the two large transportation providers share the public lobby and much of the parking. When analyzing the fair market rate for the MST office space, staff took \$1 per square foot for the office itself, and added 50-cents per square foot for the use of the common space to arrive at \$788 per month.

In 2015, the City established the ITC Cost Center, and all but two of the five current leases contribute to the cost of security and landscape maintenance. The REA Building and First Mayor's house provide other benefits to the City, and Greyhound, the AMTRAK rents off-set most of the expenses. The highest expense is security, and the County continues to provide services as needed for the juror parking. The ITC cost center's biggest need is to expand security patrol services to include weekends and holidays. The rental income anticipated from SERCO will help pay for this, and the added presence of their vehicles and staff are welcome as well.

The term of the Lease Agreement is for two years. It has a hold-over clause converting to a month-to-month basis should the proposed Agreement expire when by mutual intent the program would be extended. Either party has the right to terminate the Lease Agreement with 60 day's written notice.

The attached Resolution also declares that this proposed use is consistent with the land-use and zoning code designation for the property as "public/semi-public use," and finds the use to be a Class 32 Exemption pursuant to the CEQA regulations.

ISSUE:

Shall the City Council approve a resolution authorizing the City Manager to execute a Lease Agreement with SERCO, Inc. to provide parking enforcement services at 7 Station Place?

FISCAL IMPACT:

This agreement provides \$788 per month for the ITC cost center to further enhance the existing security and maintenance services.

TIME CONSIDERATIONS:

Speed to execute this Lease Agreement is sought to relocate the parking enforcement services from temporary space to permanent location near to the downtown.

ALTERNATIVES/IMPLICATIONS:

1. The Council can modify this Lease Agreement; or
2. The Council can choose not execute the Agreement, and possibly force SERCO Inc. to find an alternative means by which to permanently house the parking enforcement services.

CITY COUNCIL GOALS:

This report is consistent with three of the five Council goals: 1) safe livable community; 2) excellent infrastructure, and; 3) quality of life.

RECOMMENDATION:

This Lease Agreement is intended to locate the new parking enforcement services closer to the downtown, and a cost-beneficial way for both parties. Staff recommends that the Council adopt the attached resolution authorizing the City Manager to execute the Lease Agreement.

Back-up Pages
Resolution
Lease Agreement

RESOLUTION NO. _____ (N.C.S.)

**A RESOLUTION OF THE CITY OF SALINAS APPROVING THE EXECUTION OF A
LEASE AGREEMENT WITH SERCO INC. PROVIDING PARKING ENFORCEMENT
SERVICES AT 7 STATION PLACE**

WHEREAS, the City of Salinas ("City") owns three adjacent parcels of real property at 3 – 20 Station Place which are commonly referred to as the Intermodal Transportation Center, and on these parcels is located one of several buildings known as the Salinas Train Station; and

WHEREAS, the City seeks to develop a multimodal transportation center at this site by adding new and different types of transportation services to the services offered by Greyhound Bus Lines, and the current rail services offered by Amtrak and Union Pacific; and

WHEREAS, the City began leasing the Train Station to its tenants AMTRAK and Greyhound Bus Lines in 2015, but was unable to lease spaces built for Union Pacific Railroad and Monterey Salinas Transit, leaving more than 1,000 square feet of modern office space vacant; and

WHEREAS, on August 16, 2016, the City Council adopted Resolution 21024 and after more than 100-years of Police operated parking enforcement, to provide private enforcement services for parking that will be provided by SERCO Inc., ("Tenant") and SERCO is seeking to locate its operational office to the newly refurbished Train Station at the ITC; and

WHEREAS, after conducting its due diligence, the Tenant and the City have determined that the benefits of locating the offices of the parking enforcement services at the Salinas Train Station ("Leased Premises") are mutually beneficial to each; and

WHEREAS, the Leased Premises are owned by the City and are located within a Public/Semi-Public zoning district; and

WHEREAS, by staff report accompanying this Resolution (the "Staff Report"), incorporated herein by this reference, the City has been provided with additional information upon which the findings and actions set forth in this Resolution are based.

NOW, THEREFORE, BE IT RESOLVED that the City finds that the above recitals are accurate and are incorporated here in their entirety by this reference.

BE IT FURTHER RESOLVED that the City Council finds and determines that the use of the Salinas Train Station as an office for parking enforcement is consistent with its public/semi-public use as described in this Resolution and the rent consideration of \$788 dollars per month for a two-year term as provided for in the accompanying Lease Agreement is not less than the fair market value for rent for a 394 square foot office, use of the common spaces and for employee parking, is proper and in the public interest.

BE IT FURTHER RESOLVED that the City Council finds and determines that the "Leased Premises" as defined with the proposed Lease as presented in this Resolution and the accompanying

Lease Agreement will not be necessary for municipal purposes during the term of the Lease Agreement (Salinas City Code section 12-10).

BE IT FURTHER RESOLVED that said consideration will be received by the City in an advance, and in month by month installments, and be dedicated solely for the purpose of maintaining and operating the transit facilities at the Intermodal Transportation Center.

BE IT FURTHER RESOLVED the City hereby finds that the proposed Lease Agreement and proposed development of the Leased Premises is exempt from the California Environmental Quality Act (CEQA) as a Class 32 exemption (CEQA Guidelines section 15332): 1) is consistent with the General Plan; 2) occurs within the City limits on a project site of no more than five acres; 3) is located on a site that does not have value as a habitat for endangered, rare, or threatened species; 4) will not result in any non-mitigated impacts to traffic, and will not impact noise, air quality, or water quality; and 5) will be adequately served by all required utilities and services.

BE IT FURTHER RESOLVED that the City approves the lease of the Property to the Tenant pursuant to the provisions of the accompanying Lease Agreement, approves the form of the Lease Agreement and all ancillary documents, and authorizes the City Manager to execute the Lease and all ancillary documents in substantially the form on file with the City Clerk, with such changes as are approved by the City Attorney (such approval to be conclusively evidenced by the execution of the Lease).

BE IT FURTHER RESOLVED that the City authorizes the City Manager to take such other actions and execute such other documents as are appropriate to effectuate the intent of this Resolution.

BE IT FURTHER RESOLVED that this Resolution shall take immediate effect from and after its passage and approval.

PASSED AND ADOPTED this 15th day of November 2016 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

Joe Gunter, Mayor

ATTEST:

Patricia M. Barajas, City Clerk