

RESOLUTION NO. 2009-66
RESOLUTION NO. 2009-10 (MRA)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MARINA AND THE AGENCY BOARD OF THE REDEVELOPMENT AGENCY OF THE CITY OF MARINA APPROVING AMENDMENT NO.1 TO THE AGREEMENT BETWEEN CITY OF MARINA, MARINA REDEVELOPMENT AGENCY AND BLICKMAN TURKUS L.P., D/B/A NAI BT COMMERCIAL (NAIBT), OF MONTEREY, CALIFORNIA, FOR PROFESSIONAL CONSULTANT SERVICES RELATED TO DISCONTINUING LEASE ADMINISTRATION AND CONTINUING LEASE BROKERAGE SERVICES FOR AIRPORT PROPERTIES AND AUTHORIZING CITY MANAGER/EXECUTIVE DIRECTOR TO EXECUTE THE AMENDMENT NO. 1 OF THE AGREEMENT ON BEHALF OF CITY/AGENCY SUBJECT TO FINAL REVIEW AND APPROVAL BY THE CITY ATTORNEY

WHEREAS, at a regular meeting of August 7, 2007, the Redevelopment Agency approved an Agreement for Consulting Services ("Agreement") with NAI BT, of Monterey, California, to provide professional consultant services related to lease administration and lease brokerage services for Airport properties, and;

WHEREAS, the Agreement ends on December 31, 2008, and;

WHEREAS, services related to lease administration are no longer required, and;

WHEREAS, the Agency wishes to extend the term so that lease brokerage services for Airport properties will continue and the Agency can secure tenants to generate revenues in vacant airport properties, and;

WHEREAS, Amendment No. 1 would extend the term of the Agreement for lease brokerage services for up to two (2) years.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Marina and the Agency Board of the Redevelopment Agency of the City of Marina does hereby:

1. Approve Amendment No. 1 to the Agreement between the City of Marina, Marina Redevelopment Agency and Blickman Turkus, L.P., d/b/a NAI BT Commercial (NAIBT), of Monterey, California, for professional consultant services related to discontinuing lease administration and continuing lease brokerage services for the City's Airport properties, and;
2. Authorize the City Manager/Executive Director to execute Amendment No. 1 of the Agreement on behalf of the City/Agency subject to final review and approval by the City Attorney.

PASSED AND ADOPTED by the City Council and Redevelopment Agency of the City of Marina, duly held at a regular meeting on the 21st day of April 2009, by the following vote:

AYES: COUNCIL/AGENCY MEMBERS: Ford, Gray, McCall, O'Connell, Delgado

NOES: COUNCIL/AGENCY MEMBERS: None

ABSENT: COUNCIL/AGENCY MEMBERS: None

ABSTAIN: COUNCIL/AGENCY MEMBERS: None

Bruce C. Delgado, Mayor/Chair

ATTEST:

Joy P. Junsay, City Clerk/Secretary

**CITY OF MARINA
and the
REDEVELOPMENT AGENCY OF THE CITY OF MARINA**

**AMENDMENT NO. 1 TO AGREEMENT FOR PROFESSIONAL CONSULTANT
SERVICES RELATED TO CONTINUING LEASE BROKERAGE SERVICES
FOR AIRPORT PROPERTIES**

This Amendment No. 1 ("Amendment") to the Agreement for Professional Consultant Services related to Lease Administration and Lease Brokerage Services for Airport Properties by and between the City of Marina, a California charter city, hereinafter referred to as "City," the City of Marina Redevelopment Agency, a public body corporate and politic, hereinafter referred to as "Agency," and Blickman Turkus, L.P., d/b/a NAI BT Commercial, a California limited partnership, hereinafter referred to as the "Contractor," is made and entered into as of the ____ day of _____ 2009. Only the numbered paragraphs of said Agreement which are being amended or deleted are set forth in this Amendment.

Recitals

- A. On September 5, 2007, the Agency entered into an Agreement ("Agreement") with Contractor for professional consultant services related to lease administration and lease brokerage services for airport properties.
- B. On December 31, 2008, the term of the Agreement ends.
- C. The City no longer requires services related to lease administration.
- D. This Amendment No. 1 provides for the Contractor to continue to provide lease brokerage services until December 31, 2009, with an option to extend until December 31, 2010.

Terms and Conditions

In consideration of the mutual promised contained herein, Agency and Contractor agree that the terms and conditions set forth herein are incorporated into the Agreement.

- 1. Section 1(a) is amended to add Section 1.(a.1) to read as follows:

"1.(a.1)

From and after the effective date of the extended Agreement (as provided in 2.(b.1) Section 1 of Exhibit A 'Scope of Work' is deleted.

- 2. Section 2 is amended to add Section 2.(b.1) to read as follows:

"2.(b.1)

Unless terminated under other provisions of the Agreement, the term of the Agreement shall be extended, effective January 1, 2009, for one (1) additional year, ending on December 31, 2009. The Agreement may be further extended for up to one (1) year, until December 31, 2010, at the option of City. City shall give Contractor thirty (30) days advance notice should it should it decide to exercise its option to extend the Agreement.”

3. Section 3(b) and Section 1 of Exhibit B are deleted.

4. Section 2 of Exhibit B is amended to read as follows:

BROKERAGE SERVICES SCHEDULE

7% of the rent for the first twelve months of rental payments, plus
6% of the rent for the second twelve months of rental payments, plus
5% of the rent for the third twelve months of rental payments, plus
5% of the rent for the fourth twelve months of rental payments, plus
5% of the rent for the fifth twelve months of rental payments, plus
3.5% of the rent for the next sixty months of rental payments, plus
2.0% of the rent for the balance of the term including any renewal or expansion

- a. The full rates set out in the Brokerage Services Schedule, above, shall be paid by City to NAIBT for: (i) all new tenancies brokered at the Airport by NAIBT; (ii) all lease extensions of such new tenancies, including exercise of options, effected solely by exercise by tenants of extension rights under lease terms, provided that the scheduled rates shall simply continue to run in sequence as if the initial term of the lease includes the extension period.
- b. Rates at one-half the percentages listed in the Brokerage Service Schedule, above, shall be paid by City to NAIBT for: renewal or extension tenancies brokered at the Airport for tenants already in place at the time of execution of this Agreement, with rates paid for tenant exercised lease-right extensions of said renewal or extension tenancies to be treated as described in a.(ii), immediately above.
- c. Payments to NAIBT per the Brokerage Services Schedule shall be due within sixty (60) days of execution of a contingency free lease or lease agreement, or within sixty (60) days of a tenant exercised lease-right extension, as the case may be.

5. All other provisions of the Agreement not in conflict with this Amendment shall remain in full force and effect.

IN WITNESS WHEREOF, Contractor, Agency and the City by their duly authorized representatives, have executed this Agreement, on the date first set forth above, at Marina, California.

**CITY OF MARINA/
REDEVELOPMENT AGENCY**

CONTRACTOR

By: _____
Name: _____
Its: _____
Date: _____

By: _____
Name: _____
Its: _____
Date: _____

ATTEST: (Pursuant to Resolution No. 2009-_____, and Resolution No. 2009- ____ (MRA)

By: _____
Joy P. Junsay, City Clerk/Secretary

Approved as to form:

By: _____
City Attorney

By: _____
Risk Manager

April 14, 2009

Item No. 10g

Honorable Mayor and Members
of the Marina City Council

City Council Meeting
of April 21, 2009

Honorable Chairperson and Members
of the Marina Redevelopment Agency

Redevelopment Agency Meeting
of April 21, 2009

continued to May 5, 2009 as Item No. 10e

**CITY COUNCIL AND AGENCY BOARD CONSIDER ADOPTING
RESOLUTION NO. 2009- AND 2009- (MRA), APPROVING
AMENDMENT NO. 1 TO AGREEMENT BETWEEN CITY OF MARINA,
MARINA REDEVELOPMENT AGENCY AND BLICKMAN TURKUS
L.P., DBA NAI BT COMMERCIAL (NAIBT) OF MONTEREY,
CALIFORNIA, RELATED TO DISCONTINUING LEASE
ADMINISTRATION AND CONTINUING LEASE BROKERAGE
SERVICES FOR MARINA MUNICIPAL AIRPORT PROPERTIES AND
AUTHORIZING CITY MANAGER/EXECUTIVE DIRECTOR TO
EXECUTE AMENDMENT NO. 1 OF AGREEMENT ON BEHALF OF
CITY/AGENCY SUBJECT TO FINAL REVIEW AND APPROVAL BY
THE CITY ATTORNEY**

REQUEST:

It is requested that the City Council and Agency Board:

1. Consider adopting Resolution No. 2009-, and Resolution No. 2009-, (MRA), approving Amendment No. 1 to Agreement between the City of Marina, Marina Redevelopment Agency and Blickman Turkus, L.P., DBA NAI BT Commercial (NAIBT) of Monterey, California, related to discontinuing lease administration and continuing lease brokerage services for Marina Municipal Airport properties, and;
2. Authorize the City Manager/Executive Director to execute Amendment No. 1 to Agreement on behalf of City/Agency subject to final review and approval by the City Attorney.

BACKGROUND:

At the regular meeting of June 19, 2007, the City Council adopted Resolution No. 2007-139, which created the position of Real Property Coordinator.

At the regular meeting of August 7, 2007, the City Council and Marina Redevelopment Agency (MRA) Board adopted Resolutions No. 2007-186 and 2007-26 (MRA), approving an Agreement between the City of Marina, Marina Redevelopment Agency and Blickman Turkus, L.P., DBA NAI BT Commercial (NAIBT), of Monterey, California, for professional consulting services related to lease administration and lease brokerage services for Marina Municipal Airport (Airport) properties. The Agreement was intended to serve as an interim measure to fulfill, in part, the responsibilities of the Real Property Coordinator position during the recruitment process.

Specifically, the current scope of service included “advising the City and the Agency as to appropriate new tenants for Airport properties; advertising the availability of rental opportunities

at the Airport (including provision of signs to be placed on the property subject to City or Agency approval, in order to maximize leasing options; providing appropriate strategic planning, marketing, research and consulting services as required; advising City and Agency staff regarding type of leases, lease provisions, lease terms, lease rates, tenant improvement allowances, etc.; identification and solicitation of potential tenants and negotiation of (but not agreement to or execution of) leases with prospective tenants; assisting in lease negotiations and the execution of all required documents necessary to complete transaction(s), on terms and conditions as approved by the City or the Agency.”

Compensation for lease administration services was based on hourly rates of assigned staff. Compensation for lease brokerage services for new Marina Municipal Airport leases was based on commission according to a commission schedule established in “Exhibit B” of the Agreement as follows:

- 7% of the rent for the first twelve months of rental payments, plus
- 6% of the rent for the second twelve months of rental payments, plus
- 5% of the rent for the third twelve months of rental payments, plus
- 5% of the rent for the fourth twelve months of rental payments, plus
- 5% of the rent for the fifth twelve months of rental payments, plus
- 3.5% of the rent for the next sixty months of rental payments, plus
- 2.0% of the rent for the balance of the term including any renewal or expansion.

Commissions generated for new leases shall be due within sixty (60) days of the execution of a contingency-free lease. Regarding the renewal of existing tenants, NAIBT is to be paid 50% of the commission schedule.

The term of the contract was for six (6) months, with a City option for an additional six (6) month extension. The Real Property Coordinator position remained unfilled, so on March 12, 2008, the Agreement for lease brokerage services was extended to December 31, 2008.

ANALYSIS:

The Real Property Coordinator position remains unfilled with some services provided by staff of the Development Services Department. Vacant buildings at the Airport present an opportunity for the City to generate additional revenues through leases to qualified aviation-related tenants. Staff is proposing to amend the Agreement to further extend the term of services for up to two (2) years.

The scope of services for Airport lease brokerage services would remain unchanged, while services for lease administration, which were compensated on an hourly basis, are no longer required and would be discontinued. Amendment No. 1 would extend the term to December 31, 2009, with an option for the City Manager to extend the term to December 31, 2010 (“**EXHIBIT A**”).

In the following hypothetical example of a commission payment for a three (3) year lease for Building 510 at Marina Municipal Airport, currently advertised at \$12,000 per month, City revenues would total \$418,471.92 and NAIBT would earn a commission of \$26,617.68:

Year of Lease	Annual Rent Revenues	NAIBT Commission	City Revenue Less Commission
First	\$144,000.00	\$10,080.00	\$133,200.00
Second	\$148,320.00*	\$8,899.20	\$139,420.80
Third	\$152,769.60*	\$7,638.48	\$145,131.12

TOTAL	\$445,089.60	\$26,617.68	\$418,471.92
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* Assumes CPI Rent Increase of 3%

It is to the City's benefit to lease vacant properties and generate lease revenues, local jobs and other multiplier effects. NAIBT offers specialized expertise to supplement City staff resources.

FISCAL IMPACT:

Should the City Council and Agency Board approve this request, NAIBT will be compensated for lease brokerage services on a commission basis for each renewal or extension tenancies brokered or new lease brokered at the Airport. Assuming the approximate annual building rent revenue of \$500,000 and 50% of the commission rate (assuming a net 3.5% for this estimation purpose) the annual commission for lease renewals or extensions is approximately \$17,500. In addition, NAIBT will be compensated the full commission stipulated in the agreement for new leases brokered by NAIBT. The Development Services Department Staff shall recommend the commission expenditure (appropriation) in the future year budgets to reflect the terms of this agreement

CONCLUSION:

This request is submitted for City Council and Agency Board consideration and possible action.

Respectfully submitted,

Jennifer N. M. Coile, AICP
Interim Marina Municipal Airport Property Manager
City of Marina

REVIEWED/CONCUR:

Douglas A. Yount
Development Services Director
City of Marina

Anthony J. Altfeld
City Manager
City of Marina

REVIEWED/CONCUR FISCAL IMPACT:

Lauren Lai, CPA
Finance Director
City of Marina

