



CITY OF HAYWARD
AGENDA REPORT

AGENDA DATE 11/18/03
AGENDA ITEM 4
WORK SESSION ITEM _____

TO: Mayor and City Council
FROM: Director of Public Works
SUBJECT: Authorization for City Manager to Execute an Agreement for Professional Services with Retail Real Estate Group to Market Vacant City Property at the Hayward Executive Airport

RECOMMENDATION:

It is recommended that the City Council adopt the attached resolution, which authorizes the City Manager to execute an Agreement for Professional Services with Retail Real Estate Group.

BACKGROUND:

Nearly 10 acres of Airport property, situated along Hesperian Boulevard, are currently vacant (excluding the former Festival Cinema site). As the Council will recall, in order to identify the best uses for the available property, as well as to target specific retail and commercial users, the City retained Economic & Planning Systems (EPS), a firm specializing in the field of real estate and business development analysis. Following their investigation and analyses, EPS submitted a final document entitled "Hayward Airport Land Use Development Program". A recommended action was for the City to retain the services of a commercial real estate broker to market the vacant parcels to potential retailers.

A Request for Proposals to represent the City in marketing of certain vacant Airport properties was sent to 7 real estate brokerage firms. Staff received one written response, from Retail Real Estate Group, in Santa Clara. The Retail Real Estate Group ("RREG") is highly capable of meeting the City's needs and is the same firm retained by the City to market the parcel at "B" and Foothill. RREG's scope of the proposed services is comprehensive and responsive to the City's requirements.

RREG will expand upon the findings of the EPS economic overview and attempt to create a demand for these properties, which are shown as Parcels 1 (3.4 acres), 2 (2.2 acres) & 3 (3.7 acres) on the attached Exhibit A. Its work product will be to optimize marketing of these vacant Airport properties with the goal of assisting the City in entering into long-term lease agreements with financially capable retail tenants who have demonstrated a high probability of success. The marketing agreement will extend through December 31, 2004.

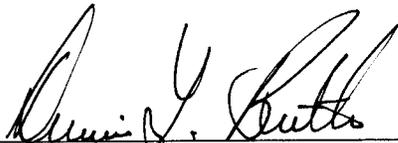
RREG's basic marketing of the parcels will not have any direct costs to City. However, if RREG procures a lessee for Airport property with terms satisfactory to the City, it will be compensated by the City at a rate compatible within industry standards. Industry standards for this type of leasing assistance amounts to 4 percent to 5 percent of land value, depending on whether a cooperating broker is involved in the leasing.

A copy of the proposed Agreement is available for review in the Office of the City Clerk.

Prepared by:


for _____
Brent S. Shiner, Airport Manager

Recommended by:



Dennis L. Butler, Director of Public Works

Approved by:



Jesús Armas, City Manager

MAP OF PROPERTY AREA AND PARCELS

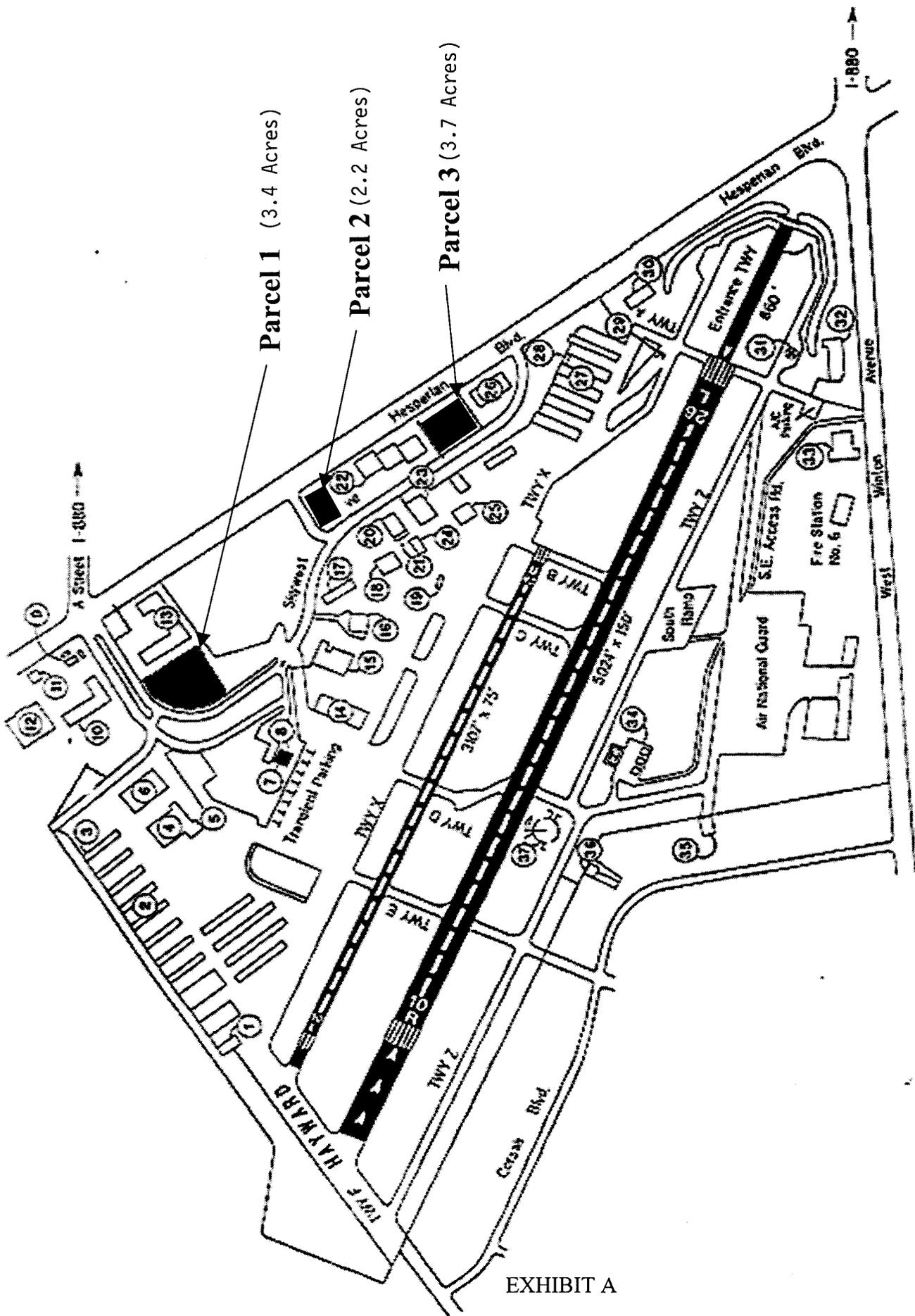


EXHIBIT A

DRAFT

HAYWARD CITY COUNCIL

RESOLUTION NO. 03-

Introduced by Council Member _____

RESOLUTION AUTHORIZING THE CITY MANAGER
TO EXECUTE A PROFESSIONAL SERVICES
AGREEMENT WITH RETAIL REAL ESTATE GROUP
TO MARKET VACANT CITY PROPERTY AT THE
HAYWARD EXECUTIVE AIRPORT

BE IT RESOLVED by the City Council of the City of Hayward that the City Manager is hereby authorized and directed to execute on behalf of the City of Hayward an agreement for professional services with Retail Real Estate Group to market vacant city property at the Hayward Executive Airport in a form approved by the City Attorney, on file in the office of the City Clerk.

IN COUNCIL, HAYWARD, CALIFORNIA _____, 2003

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:

MAYOR:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST: _____

City Clerk of the City of Hayward

APPROVED AS TO FORM:

City Attorney of the City of Hayward