

Recommendation to Enter into an Agreement with LPC West LP For Commercial Property Management Services

City Council Meeting
April 15, 2025



Background

The City has long used a contractor to provide commercial and residential property management services for City-owned real property.

December 17, 2024 City Council meeting to authorize a new contract with Lincoln Property Company (LPC). Council direction to:

- Renegotiate terms of agreement to address concerns with risk and liability
- Release new RFP if necessary
- Research bringing property management in house with City Staff



What is Property Management?

Oversight of City-owned real property assets, including commercial and residential properties at Alameda Point, cell towers, marinas, Grandview Pavilion, Alameda Theater complex.

Scope includes:

- Calculation, invoicing & collection of rents, other amounts due
- Budgets, financial reporting, compliance
- Oversight of service contracts (exp. security, landscaping, custodial & residential management)
- Directing City approved repairs & maintenance work
- Tenant relations including 24-7 availability & response to emergencies
- Licensing Program & supporting special events

Parks, Street Rights of Way and Municipal Buildings are not included in this asset portfolio

By the Numbers (as of March 2025)	
Occupied Commercial Space	4,401,690 SQ FT
Individual Commercial Leases & Annual Licenses Managed	84+
Annual Commercial Lease/License Revenue Forecast (projected)	\$16 million
Vacant Buildings	1,664,107 SQ FT
Market Rate Residential Units	67
Full Time Asset Management (BRED) City Staff	2

Work Completed Since December 2024

New RFP Released for Commercial Property Management Services

- LPC submitted most competitive proposal
- Accepted City's standard liability language, by securing an upgraded insurance policy priced at \$500,000 per year

Evaluated bringing Commercial Property Management In House

- Human Resources completed a classification and compensation analysis
- Comparison with other jurisdictions around liability positioning, and in house staffing practices



Staff Recommendation

Staff recommend continuing to contract for property management services rather than hiring additional City employees to bring these services in house.

Staff primarily make this recommendation because:

- LPC has addressed the City's concerns about risk and liability by securing an additional insurance policy.
- Bringing these services in-house is overall more costly and time consuming;
- The City intends to ultimately sell most of its portfolio to the private sector which would make in house staff positions redundant



New Service Provider Agreement Terms

The total not-to-exceed (NTE) costs:

Terms (2 years each)	Total NTE*
July 1, 2025-June 30, 2027	\$4,260,122.95
July 1, 2027-June 30, 2029	\$4,593,762.06
July 1, 2029-June 30, 2031	\$5,082,058.61
Contingency	\$500,000.00
Total over six (6) years	\$14,435,991.83

- **Contingency** is included to address unexpected changes in costs, such as insurance premium hikes which are difficult to forecast in today's market.
 - **Licensing Program Commissions** earned for Licensing Program, are not included.
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- Staff recommend the award of a new two-year SPA with two (2) options for two-year renewals (total duration of up to six (6) years).
 - City can address service issues and adjust staffing levels when renewing.
 - Projected cost to City is fully offset by the combined proceeds for leasing and licensing of the City's real property asset portfolio.

Recommended Motion

Authorize the City Manager to execute a Service Provider Agreement with LPC West LP, a Delaware limited partnership, for contracted property management services for two years, with two, two-year options to extend for a total pre-commission cost of \$14,435,991.83 over six years.