



REPORT TO THE CITY COUNCIL

AGENDA ITEM NO.	1L
COUNCIL MEETING	9/30/08
APPROVED BY	
DEPARTMENT DIRECTOR	
CITY MANAGER	

September 30, 2008

FROM: RENE A. RAMIREZ, Director *RA*
Department of Public Utilities

BY: GARTH GADDY, Assistant Director *GRG*
Department of Public Utilities-Water Division

SUBJECT: APPROVE CONSULTING AGREEMENT WITH PARAGON PARTNERS TO PROVIDE PROFESSIONAL REAL ESTATE SERVICES FOR THE DEPARTMENT OF PUBLIC UTILITIES-WATER DIVISION IN AN AMOUNT NOT TO EXCEED \$168,638 AND AUTHORIZE THE DIRECTOR OF PUBLIC UTILITIES TO EXECUTE THE CONSULTING AGREEMENT ON BEHALF OF THE CITY

KEY RESULT AREA

Resource Management

RECOMMENDATION

Staff recommends that the City Council authorize the Director of Public Utilities to execute a consulting agreement with Paragon Partners to provide professional real estate services for the Department of Public Utilities-Water Division in an amount not to exceed \$168,638.

EXECUTIVE SUMMARY

The Water Division currently has a need to acquire five (5) replacement well sites, a forty acre recharge facility and dispose of twelve (12) surplus properties. The Water Division typically relies on the Department of Public Works for real estate services, but due to an increased need for real estate services, the Water Division has obtained approval from Public Works staff to contract for these services to ensure the timely acquisition and disposition of property for the completion of planned projects. Following Administrative Order (A.O.) 6-19, the Water Division solicited Request for Qualifications (RFQ) to select a professional real estate consultant to provide real property acquisition and disposition services. Paragon Partners was selected as the most qualified consultant that responded to the RFQ and a consultant services agreement has been negotiated for an amount not to exceed \$168,638. Funding for this agreement is provided in the Department of Public Utilities Capital Improvement Program.

KEY OBJECTIVE BALANCE

Professional real estate services satisfy the key objectives areas of Customer Satisfaction, Employee Satisfaction and Financial Management. Customer satisfaction is accomplished through the effective use of professional services to develop facilities to maintain the health and safety of the community. Employee satisfaction and financial management are derived through the use of professional services to assure timely and cost-effective acquisition of property necessary to complete capital improvement projects.

BACKGROUND

The Water Division operates approximately 250 well sites that provide potable water and fire suppression to City and County customers. Over time, well sites reach the end of their useful life and require replacement well sites in the vicinity of the existing sites to maintain a safe water supply. Numerous well sites have also been impacted by groundwater contamination that has resulted in the premature closure of well sites. This combination creates an ongoing need to identify and acquire real property for the development of new well sites. The closure of well sites due to age and groundwater contamination has also resulted twelve (12) surplus properties.

The Water Division also has a need to acquire additional property to expand its groundwater recharge program. The City of Fresno's 2008 Urban Water Management Plan identifies this need to balance its groundwater operations and maximize the use of available surface water supplies.

Identified in the Water Division's Capital Improvement Program are five (5) replacement well sites and a forty acre recharge facility. The Water Division relies on the Department of Public Works, Real Estate Section, for real estate services. Presently, though, Public Works is assisting the Water Division with the acquisition of property for a Surface Water Treatment Facility in southeast Fresno, a water storage tank in downtown Fresno as well as the disposal of two surplus properties. This work already in progress along with real estate work for other City departments as well as within Public Works has entirely consumed Public Works' real estate staff. To ensure the timely acquisition of property for the development of planned facilities, Water Division obtained approval from Public Works staff to contract with a professional real estate consultant. In accordance with A.O. 6-19, Water Division solicited RFQ's and four of the responding firms were interviewed by staff. To help the Water Division select the most qualified consultant, Public Works real estate staff participated in the interview and selection process. Following the interviews, Paragon Partners was determined to be the most qualified. Staff has negotiated an agreement with Paragon Partners for an amount not to exceed \$168,638. The real estate services include identification and evaluation of potential sites, preparation of offers, negotiation assistance, preparation of title reports, Phase I environmental assessments, appraisals, and CEQA compliance, as required for acquisition and disposition of real property.

FISCAL IMPACT

Funding for this agreement is provided in the Department of Public Utilities FY08 Capital Improvement Program.

Attachment:
- Consultant Services Agreement