



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2604
www.CityofSacramento.org

Consent
June 24, 2008

Honorable Mayor and
Members of the City Council

Title: Lease Agreement: 1003 L Street

Location/Council District: 1003 L Street/District 1

Recommendation: Adopt a **Resolution:** 1) finding that, pursuant to City Code section 3.68.110, the leasing of 1003 L Street without bidding is in the best interests of the City; and 2) authorizing the City Manager to execute a 3-year lease agreement with Grebitus & Sons for retail space at 1003 L Street, located in Capitol Garage.

Contact: Howard Chan, Parking Services Manager, 808-7488

Presenters: None

Department: Transportation

Division: Parking Services

Organization No: 3461/6004

Description/Analysis

Issue: Grebitus & Sons has been selling fine jewelry and gifts to the Sacramento area since 1926. Their lease at the Downtown Plaza recently expired and, in an effort to remain downtown, they submitted an offer to lease the City's property located at 1003 L Street in Capitol Garage.

Policy Considerations: This recommendation is consistent with the City's strategic plan and the goal of the City Council to expand economic development throughout the City.

Environmental Considerations:

California Environmental Quality Act (CEQA): This project is exempt from the California Environmental Quality Act (CEQA) under Section 15301, "Operation of existing public structures or facilities involving no expansion of use".

Sustainability Considerations: N/A

Other: N/A

Commission/Committee Action: N/A

Rationale for Recommendation: City Code 3.68.110 allows the City to lease City property without bidding where a firm and complete written offer at or above market value is received by the City, and the City Council finds that leasing the property without bidding is in the best interests of the City. Grebitus & Sons has been a valued jeweler in Sacramento since 1926. They submitted a firm and complete written offer to lease wherein the rent specified is at or above the fair market rate for comparable property as determined by the City's real property supervisor. By leasing without bidding, the proposed lease agreement will enable the City to retain another quality tenant in the downtown area.

Financial Considerations: Based on a market rate of \$1.90 per square foot, monthly rent payments will begin at \$3,585.30 and increase 2.25% annually. Total rent collected during the initial 3-year term will be \$131,996. All rental income will be deposited to the Parking fund (Fund 412/6004). The city will contribute a one-time tenant improvement allowance of \$28,305 (\$15 per square foot) to be applied towards facility upgrades.

Emerging Small Business Development (ESBD): N/A

Respectfully Submitted by: _____



Howard Chan
Parking Services Manager

Approved by: _____



Jerry Way
Director of Transportation

Recommendation Approved:



Ray Kerridge
City Manager

For

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RESOLUTION NO.

Adopted by the Sacramento City Council

LEASE AGREEMENT: 1003 L STREET

BACKGROUND

- A. Grebitus & Sons has been selling fine jewelry and gifts to the Sacramento area since 1926.
- B. Their lease at the Downtown Plaza recently expired and, in an effort to remain downtown, they submitted an offer to lease the City's property located at 1003 L Street in Capitol Garage.
- C. Pursuant to City Code Section 3.68.110 Grebitus & Sons submitted a firm and complete written offer to lease the 1003 L Street space wherein the rent specified is at or above the fair market rate for comparable property as determined by the City's real property supervisor.
- D. 1003 L Street is located at the corner of L and 10th Streets in the City's Capitol Garage. The site is approximately 1,887 square feet in size. Capitol Garage has over 21, 000 square feet of commercial retail/office space.
- E. The term of the lease is three years with three 6-year extended term options. Based on a market rate of \$1.90 per square foot, monthly rent payments will begin at \$3,585.30 and increase 2.25% annually. Total rent collected during the initial 3-year term will be \$131,996. All rental income will be deposited in the Parking Fund (Fund 412/6004).
- F. Grebitus & Sons plan to complete upgrades to the premises, and the City will contribute a one-time tenant improvement allowance of \$\$28,305 (\$15 per square foot) to be applied towards facility upgrades that will remain as property of the City on the date the tenant moves from the premises.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. Pursuant to City Code Section 3.68.110, it is in the best interests of the City to lease 1003 L Street without bidding.
- Section 2. The City Manager is authorized to execute a lease agreement with Grebitus & Sons for retail space located at 1003 L Street for a term of three years with three 6-year extended term options.