

REPORT TO COUNCIL

City of Sacramento

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



CONSENT
February 5, 2008

Honorable Mayor and
Members of the City Council

Title: Lease Agreement: Vanini European Clothier

Location/Council District: 1031 L Street/District 1

Recommendation: Adopt a **Resolution** 1) finding that, pursuant to City Code section 3.68.110, the leasing of 1031 L Street without bidding is in the best interests of the City; and 2) authorizing the City Manager to execute a 5-year lease agreement with John Boghossian, dba Vanini European Clothier, for retail space at 1031 L Street, located in Capitol Garage.

Contact: Paul Sheridan

Presenters: None

Department: Transportation

Division: Parking Services

Organization No: 3461

Description/Analysis

Issue: John Boghossian is the owner of Vanini European Clothier, a full service tailor and clothier that has been located at 1031 L Street since 1997. Mr. Boghossian's prior lease agreement with the City, City Agreement No. 97-170, expired at the end of October 2007. He has been renting on a month-to-month basis and would like to execute a new lease agreement that will allow him to continue operating at his current location.

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.

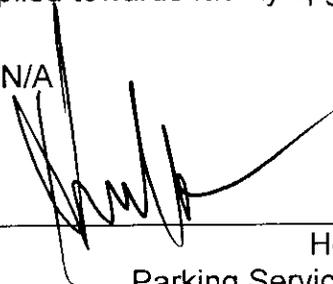
Environmental Considerations: This project is exempt from the California Environmental Quality Act (CEQA) under Section 15301, "Operation of existing public structures or facilities involving no expansion of use".

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. John Boghossian has been a valued tenant at Capitol Garage since 1997. Mr. Boghossian 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 allow Mr. Boghossian to continue operating Vanini European Clothier at its current location and 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 \$2,660.00. Mr. Boghossian's current rate is \$1.90 per square foot. Rent will increase 3% annually, except for year five when it will not change. Rent for the extended term will be adjusted to market rate, but in no event will it be reduced from the level at the end of the initial term. Total rent collected during the initial 5-year term will be \$168,421. The city will contribute a one-time tenant improvement allowance of \$21,000 (\$15 per square foot) to be applied towards facility upgrades.

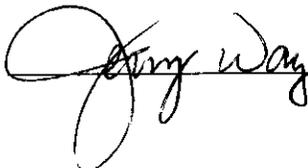
Emerging Small Business Development (ESBD): N/A

Respectfully Submitted by: _____



Howard Chan
Parking Services Manager

Approved by: _____



Jerry Way
Director of Transportation

Recommendation Approved:



RAY KERRIDGE
City Manager



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RESOLUTION NO.

Adopted by the Sacramento City Council

LEASE AGREEMENT: VANINI EUROPEAN CLOTHIER

BACKGROUND

- A. John Boghossian is the owner of Vanini European Clothier, a full service tailor and clothier that has been located at 1031 L Street since 1997.
- B. Mr. Boghossian's prior lease agreement with the City, City Agreement No. 97-170, expired at the end of October 2007. He has been renting on a month-to-month basis and would like to execute a new lease agreement that will allow him to continue operating at his current location.
- C. Pursuant to City Code 3.68.110 John Boghossian 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.
- D. 1031 L Street is located at the corner of 11th & L Streets in the City's Capitol Garage. The site is approximately 1,400 square feet in size. Capitol Garage has over 21,000 square feet of commercial retail/office space.
- E. The term of the lease is five years with one 5-year extended term option. Based on a market rate of \$1.90 per square foot, monthly rent payments will begin at \$2,660.00. Mr. Boghossian's current rate is \$1.90 per square foot. Rent will increase 3% annually, except for year five when it will not change. Rent for the extended term will be adjusted to market rates, but in no event will it be reduced from the level at the end of the initial term. Total rent collected during the initial 5-year term will be \$168,421.
- F. Mr. Boghossian is planning to complete some upgrades to the premises, and the City will contribute a one-time tenant improvement allowance of \$21,000 (\$15/sqft) which will be used for those standard site improvements 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 3.68.110, it is in the best interests of the City to lease 1031 L Street without bidding.

- Section 2. The City Manager is authorized to execute a lease agreement with John Boghossian, dba Vanini European Clothier, for retail space located at 1031 L Street for a term of five years with one 5-year extended term option.