

REPORT TO COUNCIL

City of Sacramento

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



Consent
December 12, 2006

Honorable Mayor and
Members of the City Council

Title: Agreement to Lease Retail Space at Capitol Garage to Wen-Hsing and
Sophia Sun, dba Café Connection

Location/Council District: 1007 L Street/District 1

Recommendation: Adopt a **Resolution** authorizing the City Manager to execute a 5-year lease agreement with a 5-year option with Wen-Hsing and Sophia Sun, dba Café Connection, for a market rate of \$1.85 per square foot, with monthly rent payments beginning at \$2,682.50 and a 3% annual increase for retail space located at 1007 L Street in Capitol Garage.

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

Presenters: None

Department: Transportation

Division: Parking Services

Organization No: 3466

Description/Analysis

Issue: Wen-Hsing and Sophia Sun are the current owners of the Café Connection restaurant located at 1007 L Street in Capitol Garage. Their prior lease agreement with the City expired March 1, 2005 and they have been renting on a month-to-month basis until terms of their new lease agreement have been finalized.

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

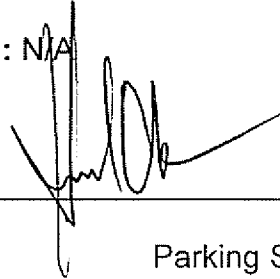
public structures or facilities involving no expansion of use".

Rationale for Recommendation: Wen-Hsing and Sophia Sun have been tenants in good standing at Capitol Garage since August 2002. The proposed lease agreement will allow them to continue operating Café Connection and allow the City to retain another quality tenant in the downtown area.

Financial Considerations: Based on a market rate of \$1.85 per square foot, monthly rent payments will begin at \$2,682.50 per month and increase 3% annually. The total rent collected during the initial 5-year term will be \$170,900 and \$198,120 for the 5-year option. Because this is an existing business, with no new construction planned, the City will not be contributing a tenant improvement allowance.

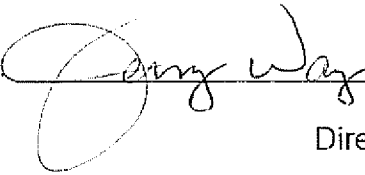
Emerging Small Business Development (ESBD): N/A

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

AGREEMENT TO LEASE RETAIL SPACE AT CAPITOL GARAGE TO WEN-HSING AND SOPHIA SUN, DBA CAFÉ CONNECTION

BACKGROUND

- A. Wen-Hsing and Sophia Sun purchased Café Connection in August 2002. It is located at 1007 L Street in the City's Capitol Garage. The restaurant serves a variety of sandwiches, salads, and breakfast items.
- B. Their prior lease agreement with the City (City Agreement #89-124-4) expired March 1, 2005 and they have been renting on a month-to-month basis until terms of a new lease agreement have been finalized.
- C. The term of the new lease is for 5 years with a 5-year option. Based on a market rate of \$1.85 per square foot, monthly rent payments will begin at \$2,682.50 per month and increase 3% annually.
- D. No new construction is planned, so the City will not be contributing a tenant improvement allowance.

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

- Section 1. The City Manager is authorized to execute a lease agreement with Wen-Hsing and Sophia Sun.