



# CITY OF SACRAMENTO

CITY MANAGER'S OFFICE  
**RECEIVED**  
OCT 16 1980

TRAFFIC ENGINEERING DIVISION  
1023 J STREET - SUITE 202 SACRAMENTO, CALIF. 95814

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October 15, 1980

City Council  
Sacramento, California

**APPROVED**  
BY THE CITY COUNCIL  
OCT 21 1980  
*Referred to  
Bud/Fin Comm  
& Cont to 11/5/80.*  
OFFICE OF THE  
CITY CLERK

Honorable Members in Session:

SUBJECT: Airspace Ground Lease Between State of California and City of Sacramento for I-5 Garage Project Land (P-1 and P-2)

SUMMARY

This report recommends adoption of the attached Resolution, authorizing the City to lease from the State land under the I-5 freeway between I and K Streets, to construct and operate a public parking garage.

BACKGROUND INFORMATION

Staff negotiations are now completed with the State of California for lease of the State-owned land under the I-5 freeway between 2nd, 3rd, I and K Streets. The City proposes to construct a 760-space public parking garage between 2nd, 3rd, I and J, which will be connected by a vehicular tunnel to the existing 142-space surface parking lot between 2nd, 3rd, J and K Streets. The purpose of the combined parking facility is to provide 902 public parking spaces to accommodate the parking needs generated by the State Railroad Museum and other developments in the north end of the Old Sacramento Historic District.

The main provisions in the agreement are as follows:

Term

A 30-year primary term with an option for the City to renew for an additional 10 years. Conditions shall remain the same during the option term except that a new rental rate will be established.

Rental

1. The cumulative balance left on the existing lease for both surface parking lots will be paid off when this lease becomes effective. The amount to be paid off will depend on what date the lease becomes effective. It is estimated that this amount will be approximately \$45,000.
2. Beginning on the effective date of the lease, the City will pay \$870 per month as rental for the existing surface lot between 2nd, 3rd, J and K Streets. This amount is proportionate to the current rental paid to the State by the City for that parcel. (There will be no rental during the construction period for the garage site.)

3. Upon opening the new parking garage for public parking operations, the City will pay 14% of the operating net revenue as rental to the State for the combined facilities, not to be less than 5.6% of the annual gross income after the first year.
4. If the City exercises its option to renew after 30 years, a rent will be determined by ascertaining the "fair market lease rate," meaning the "highest lease rate which the leased premises would bring if exposed on the open market (exclusive of improvements)." Each party will appoint appraisers if agreement cannot be met. During the option term, the monthly rent shall be adjusted yearly according to the Consumer Price Index.

#### Improvements, Repairs, Maintenance and Use of Property

1. The City will build and operate public parking facilities on the leased premises.
2. The leased property shall be used exclusively for the parking of motor vehicles.
3. The City must have the consent of Caltrans if more than 5% of the total parking spaces in the parking structure is used for monthly parking.
4. Before construction of the garage, the City must obtain an encroachment permit from Caltrans which entails approval of all project plans and specifications.
5. The City will maintain the parking facilities and provide protection to the freeway columns, guardrails and fencing at its own expense.
6. If construction is not completed within two years of the effective date of the lease, the City will provide in the construction contract payment of liquidated damage in the sum of \$100 per day.
7. At the termination of the lease, all improvements shall vest in the lessor. The facilities must be "delivered" in good condition and repair (reasonable wear and tear expected).

#### Insurance

Standard terms for liability, fire, and extended coverage insurance have been included and approved by the City's Risk Manager and the City Attorney.

#### Effective Date of the Lease

The lease becomes effective when the City awards a contract for the construction of the parking garage. If no contract is awarded by May 14, 1984, the lease will be null and void.

#### Additional Parking Structure on P-1

The City shall have a right to construct an additional parking garage on P-1, using the same procedures for an encroachment permit. After construction of any such facility, the City will operate it under the same terms and conditions of this lease, with no term extension.

The other elements of the project are in the final stages of completion: The plans and specifications have a few "loose ends" that are being worked out by the Architect and Caltrans, with completion anticipated in the first part of November. The environmental document has been completed and is currently being reviewed by FHWA, in order to be a joint City/FHWA Report to Caltrans. After a 30-day public review period starting this month, the entire environmental review process should be completed by mid-November. The project is behind schedule by one year according to the original project timetable. If the project is advertised for bids in November, the garage will open from seven to 12 months after the Railroad Museum opens, during which time the existing 205-space surface parking lot at 2nd and I will be closed for construction of the new garage. It is anticipated that the shortage of parking space will be critical before the garage opens.

#### FINANCIAL DATA

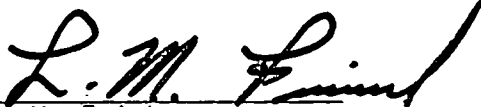
Under the new lease, the City will pay the lessor a flat rate of \$870 per month to operate P-1 as a parking lot upon closing P-2 for construction. The City will also pay off the remaining balance of the original 10-year lease for P-1 and P-2, estimated to be approximately \$45,000 at that time. When the new garage opens, the combined garage and parking lot rental will be 14% of the gross revenue, not to be less than 5.6% of the gross. The attached table illustrates projected revenues, expenses, rent to the State, and net available for debt service.

A project funding recommendation was approved by the Budget and Finance Committee on July 24, 1980. The recommendation called for funding of the project out of City Parking Authority surplus and the Redevelopment Agency Parking Fund, with each respective fund being reimbursed out of the garage's operating revenues. The total cost of the project was estimated to be \$5.5 million at the time of the report to the Committee.


#### RECOMMENDATION

It is recommended that the attached Resolution be adopted, authorizing the City Manager to execute the Lease Agreement on behalf of the City.

Respectfully submitted,

  
L. M. Frink  
Traffic Engineer

Recommendation Approved:

  
Walter J. Stipe  
City Manager

## RESOLUTION NO.

Adopted by The Sacramento City Council on date of

RESOLUTION AUTHORIZING CITY TO ENTER INTO LEASE AGREEMENT WITH STATE OF CALIFORNIA FOR USE OF UNDER-FREEWAY LAND BETWEEN 2nd, 3rd I and J STREETS FOR THE CONSTRUCTION AND OPERATION OF PUBLIC PARKING FACILITIES

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SACRAMENTO:

The City Manager is hereby authorized and directed to execute on behalf of the City that certain Lease Agreement with the State of California for City's use of those certain premises known as Airspace Lease Area No. 03-FLA 5-1 and 03-FLA 5-2, situated in the City of Sacramento. Upon effective date of said lease, this Resolution shall supersede Resolution No. 74-895.

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MAYOR

ATTEST:

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CITY CLERK

March 7, 1980

20-YEAR COST AND REVENUE PROJECTION, LOT P  
908 PARKING SPACES

<u>YEAR</u>	<u>CARS PER YEAR</u>	<u>REVENUE PER CAR</u>	<u>ANNUAL REVENUE PER SPACE</u>	<u>ANNUAL GROSS REVENUE</u>	<u>ANNUAL OPERATING EXPENDITURES</u>	<u>ANNUAL OPERATING NET REVENUE</u>	<u>RENT TO STATE 14%</u>	<u>AVAILABLE FOR DEBT SERVICE</u>
81-82	438,000	\$ .95	\$ 458	\$ 416,100	\$ 210,000	\$ 206,100	\$28,854	\$177,246
82-83	479,000	.97	512	464,630	239,000	225,630	31,588	194,041
83-84	502,000	1.00	553	502,000	256,000	246,000	34,440	211,560
84-85	527,000	1.04	604	548,080	282,000	266,080	37,251	228,828
85-86	562,000	1.08	668	606,960	308,000	298,960	41,854	257,105
86-87	589,000	1.12	623	656,680	331,000	325,680	45,595	280,085
87-88	615,000	1.16	786	713,400	355,000	358,400	50,176	308,224
88-89	640,000	1.21	853	774,400	380,000	394,400	55,216	339,184
89-90	664,000	1.25	915	830,000	406,000	424,000	59,360	364,640
90-91	687,000	1.30	984	893,100	434,000	459,100	64,274	394,826
91-92	709,000	1.35	1,054	957,150	464,000	493,150	69,041	424,109
92-93	730,000	1.40	1,126	1,022,000	496,000	526,000	73,640	452,360
93-94	751,000	1.45	1,199	1,088,950	529,000	559,950	78,393	481,557
94-95	763,000	1.50	1,260	1,144,500	566,000	578,500	80,990	496,510
95-96	779,000	1.55	1,330	1,207,450	606,000	601,450	84,203	517,247
96-97	795,000	1.60	1,401	1,272,000	648,000	624,000	87,360	536,640
97-98	803,000	1.65	1,459	1,324,950	694,000	630,950	88,333	542,617
98-99	815,000	1.70	1,526	1,385,500	742,000	643,500	90,090	553,410
99-00	830,000	1.75	1,600	1,452,500	794,000	658,500	92,190	566,310
00-01	840,000	1.80	1,665	1,512,000	850,000	662,000	92,680	569,320

**RESOLUTION NO. 80-696**

Adopted by The Sacramento City Council on date of

October 21, 1980

MEMORIALIZING RESOLUTION PRESENTED TO C.K. McCLATCHY  
IN MEMORY OF ELEANOR McCLATCHY

It is hereby noted that the people of this City suffered a great loss in the passing of Eleanor McClatchy on the 17th day of October, 1980, at the age of 85, in Sacramento, California.

WHEREAS, in her 85 years of life Eleanor McClatchy managed the growth of the McClatchy Corporation and watched it become a communications conglomerate with interests in newspapers, radio and television as well as an uncanny dedication to community and humanity; and

WHEREAS, a small comfort that will be taken by her many friends and admirers is that Eleanor McClatchy managed to create a standard of excellence and a precedent for journalistic ethics that will live, in her name, for many generations to come; and

WHEREAS, this Council believes it proper that its minutes, and the official records of the City, record the passing of Eleanor McClatchy, and has caused this Resolution to be prepared.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED that this Resolution be entered with the minutes of this meeting, in addition to which this meeting shall be called adjourned in respect to the memory of Eleanor McClatchy.

AND BE IT FURTHER RESOLVED that a suitably engrossed copy of this Resolution be tendered to C.K. McClatchy, bereaved nephew, as an expression of this Council's deepest sympathy.

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MAYOR

ATTEST:

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CITY CLERK