



1.4

DOWNTOWN
DEPARTMENT

CITY OF SACRAMENTO
CALIFORNIA

312 K STREET
SACRAMENTO, CA
95814-3329

PARKING LOT ADMINISTRATION

July 20, 1998

APPROVED
BY THE CITY COUNCIL

PH: 916-264-5110
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AUG 6 1998

City Council
Sacramento, California

OFFICE OF THE
CITY CLERK

AG 98-118

Honorable Members in Session:

SUBJECT: AGREEMENT TO LEASE 1015 L STREET (LOT H PARKING GARAGE) TO JOHN BRITO, PETER COVITCH, AND JOSEPH MURPHY, DBA GRIPS FAST GOLF

LOCATION/COUNCIL DISTRICT: North side of L Street, between 10th and 11th Streets
Council District 1.

RECOMMENDATION:

This report recommends that the City Council, by resolution, authorize the execution of a Lease Agreement with John Brito, Peter Covitch, and Joseph Murphy, dba Grips Fast Golf, for retail space at 1015 L Street, Lot H Parking Garage (see map attached as Exhibit A).

CONTACT PERSON: Mark Miller, Parking Manager, Acting, 264-7610

FOR COUNCIL MEETING OF: August 6, 1998

SUMMARY:

Subject to City Council approval, a Lease Agreement running through December 31, 1999, with one (1) five-year option to renew has been negotiated to lease 2000 square feet of retail space to Grips Fast Golf. The lease is for the space at 1015 L Street. This space has been vacant for over two years.

The prospective lease exceeds the Council-set minimum rental rate for Lot H of \$1.25 per square foot per month. Rent is set at \$2,600 per month for the initial term of the lease, with the following schedule of rents taking effect if the tenant exercises the five-year option:

Option Months 1-24 -	\$3,000/mo.
Option Months 25-36 -	\$3,100/mo.
Option Months 37-48 -	\$3,200/mo.
Option Months 49-60 -	\$3,300/mo.

City Council
Lease Agreement with
Grip's Fast Golf for 1011/1015 L St.
July 20, 1998

BACKGROUND INFORMATION:

Attached as Exhibit B is the Resolution adopted by Council on October 14, 1997, providing staff with authority to solicit prospective tenants without competitive bidding and establishing a minimum rental rate of \$1.25 per square foot per month.

For the past two years, Grips Fast Golf has operated a store on Freeport Boulevard that sells and repairs golf equipment while doubling as a golf practice facility. By opening a spacious, second store directly across from the Capitol, Grips Fast Golf hopes to increase their name recognition in Sacramento.

FINANCIAL CONSIDERATIONS:

The rental rate negotiated for the initial term of the Lease Agreement is \$1.30 per square foot per month, thus exceeding the Council-set minimum of \$1.25 per square foot per month. At the negotiated rate, the City will receive an average yearly rent of \$31,200 during the initial term. If the tenants exercise their option to an extended term, the average yearly rent will increase to \$37,440.

To allow time for tenant renovations, and in lieu of providing a cash allowance from the City for tenant improvements, three months of free rent during the initial term and two months of free rent during the optional extended term will be granted to the tenant.

All utilities except for water and sewer will be paid by the tenant. All property taxes levied on the premises, including possessory interest tax, will be paid by the tenant.

Rental income for the initial term will be \$36,400 and will be deposited in the appropriate Parking Fund for operation of City garages.

ENVIRONMENTAL ISSUES:

The activity is exempt from the provisions of CEQA under Section 15301 since it involves an existing public structure with no changes in land use on the site.

POLICY CONSIDERATIONS:

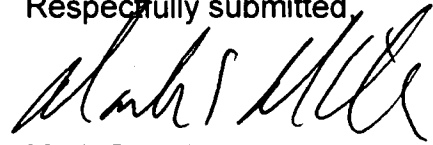
This item conforms with current policy, which requires obtaining market rent and conditions for City leases.

City Council
Lease Agreement with
Grip's Fast Golf for 1011/1015 L St.
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MBE/WBE:

None. No goods or services are being purchased.

Respectfully submitted,



Mark S. Miller
Parking Manager

RECOMMENDATION APPROVED:



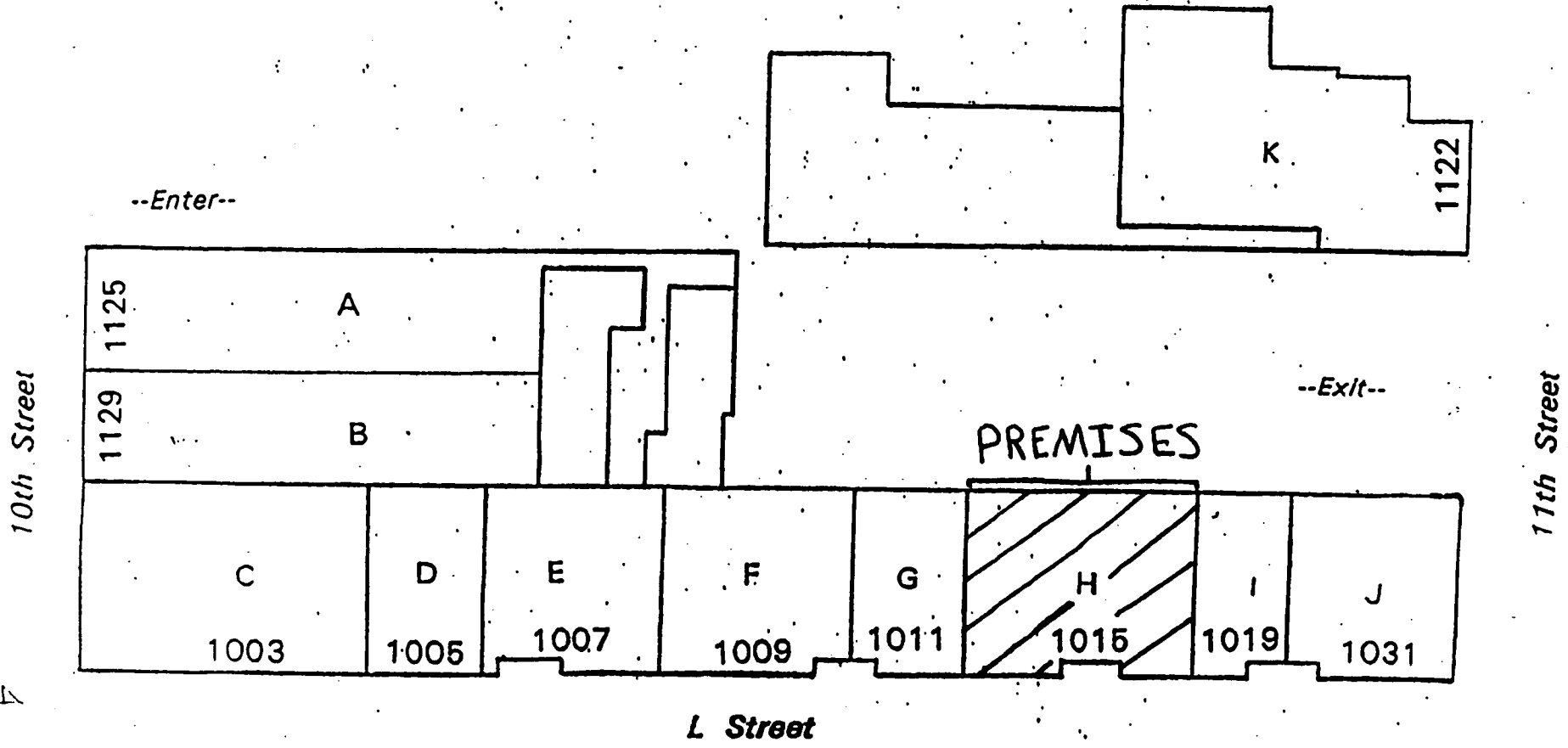
WILLIAM H. EDGAR
City Manager

Approved:



Thomas V. Lee
Deputy City Manager

PUBLIC WORKS - REAL ESTATE SERVICES
Tenth & L Garage - Lot "H" - Lease Space



RESOLUTION NO. 97-575

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF OCT 14 1997

A RESOLUTION CHANGING RENTAL RATE AND PROVIDING NOTICE OF INTENTION TO LEASE PROPERTY WITHOUT COMPETITIVE BIDDING FOR THE 10TH AND L STREETS PARKING GARAGE LOCATED ON THE NORTH SIDE OF L STREET BETWEEN 10TH AND 11TH STREETS, PURSUANT TO TITLE 12, CHAPTER 2 OF THE SACRAMENTO CITY CODE

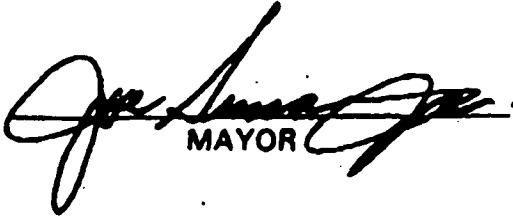
BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

1. That it is in the best interest of the City to use the procedures set forth in City Code Section 12.02.073(d) instead of the competitive bidding process.
2. That the minimum rental rate for commercial space at the 10th and L Streets Parking Garage, Sacramento, is established at \$1.25 per square foot.
3. Notice is hereby given that the City of Sacramento intends to lease commercial space in the 10th and L Streets Parking Garage, Sacramento, California, without competitive bidding, pursuant to City Code Section 12.02.073.
4. The City Clerk is directed to publish this Resolution, in accordance with the provisions of City Code Section 12.02.074.


FOR CITY CLERK USE ONLY

RESOLUTION NO. 97-575
DATE ADOPTED: OCT 14 1997

5. Upon completion of the publication process pursuant to Section 4 of this Resolution, City staff is authorized to solicit prospective tenant(s) for the lease and/or sublease of the 10th and L Streets Parking Garage, Sacramento, California. Without the necessity for competitive bidding. Each lease, which is negotiated, shall be subject to approval by City Council.


MAYOR

ATTEST:


CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO. **97-575**
DATE ADOPTED **OCT 14 1997**

APPROVED
BY THE CITY COUNCIL

AUG 6 1998

OFFICE OF THE
CITY CLERK

RESOLUTION NO. 98-392

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

**RESOLUTION AUTHORIZING THE EXECUTION OF
LEASE AGREEMENT WITH JOHN BRITO, PETER COVITCH,
AND JOSEPH MURPHY, dba GRIPS FAST GOLF,
FOR THE LEASE OF RETAIL SPACE AT 1015 L STREET**

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

1. That the City Manager is hereby authorized and directed to execute a Lease with John Brito, an individual, Peter Covitch, an individual, and Joseph Murphy, an individual, dba Grips Fast Golf, for the lease of retail space at 1015 L Street, Lot H Parking Garage, which Lease is on file with the City Clerk.
2. The City Manager is further authorized to execute such additional documents, and to take such additional acts as necessary, to implement the Lease.
3. Income derived from this Lease shall be deposited in the Parking Fund for operation of City garages.

Mayor

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____