



REPORT TO COUNCIL

City of Sacramento

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

Consent
September 15, 2009

Honorable Mayor and
Members of the City Council

Title: Lease Agreement: 1005 L Street

Location/Council District: 1005 L Street/District 1

Recommendation: Adopt a **Resolution:** 1) finding that, pursuant to City Code section 3.68.110, the leasing of 1005 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 Roseville Shoe Repair, Inc. for retail space located in Capitol Garage.

Contact: Paul Sheridan, Program Analyst, 808-6817

Presenters: None

Department: Transportation

Division: Parking Services

Organization No: 15001211

Description/Analysis

Issue: Bart Russo, the owner of Roseville Shoe Repair, Inc., has been in the shoe repair business for over 26 years. For ten years he operated a store in the Downtown Plaza and then relocated to Roseville. Mr. Russo would like to open a new store downtown and has submitted an offer to lease the City's property located at 1005 L Street in Capitol Garage.

Policy Considerations: The 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

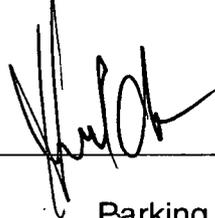
Commission/Committee Action: N/A

Rationale for Recommendation: City Code 3.68.110 allows the City to lease City property without bidding when 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. Bart Russo, owner of Roseville Shoe Repair, Inc., has been operating shoe repair stores for over 26 years, including over ten years at the Downtown Plaza. Mr. Russo 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 fill a vacant commercial site with a business that will provide a quality service to the downtown area.

Financial Considerations: 1005 L Street measures approximately 967 square feet in size. Based on a market rate of \$1.65 per square foot, monthly rent payments will begin at \$1,595.55 and increase 3% annually. Total rent collected during the initial 5-year term will be \$101,652. All rental income will be deposited in the Parking Fund (Fund 6004). The City will contribute a one-time tenant improvement allowance of \$9,750 (\$10.08 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:

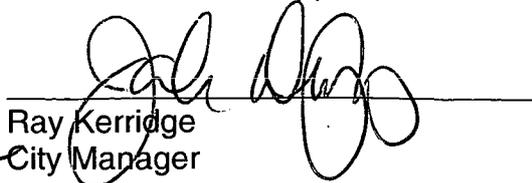

Ray Kerridge
City Manager

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RESOLUTION NO.

Adopted by the Sacramento City Council

LEASE AGREEMENT: 1005 L STREET

BACKGROUND

- A. Bart Russo, the owner of Roseville Shoe Repair, Inc., has been in the shoe repair business for over 26 years. For ten years he operated a store in the Downtown Plaza and then relocated to Roseville. Mr. Russo would like to open a new store downtown and submitted an offer to lease the City's property located at 1005 L Street in Capitol Garage.
- B. Pursuant to City Code Section 3.68.110 Bart Russo submitted a firm and complete written offer to lease the 1005 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.
- C. 1005 L Street is located near the corner of L and 10th Streets in the City's Capitol Garage. The site is approximately 967 square feet in size. Capitol Garage has over 21,000 square feet of commercial retail/office space.
- D. The term of the lease is five years with one 5-year extended term option. Based on a market rate of \$1.65 per square foot, monthly rent payments will begin at \$1,595.55 and increase 3% annually. Total rent collected during the initial 5-year term will be \$101,652. All rental income will be deposited to the Parking Fund (Fund 6004).
- E. Bart Russo plans to complete upgrades to the premises, and the City will contribute a one-time tenant improvement allowance of \$9,750 (\$10.08 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 1005 L Street without bidding.
- Section 2. The City Manager is authorized to execute a lease agreement with Roseville Shoe Repair, Inc. for retail space located at 1005 L Street for a term of five years with one 5-year option.