



APPROVED
BY THE CITY COUNCIL

JUN 1 1999

1.5

OFFICE OF THE
CITY CLERK

THOMAS V. LEE
DEPUTY CITY MANAGER
DOWNTOWN DEPARTMENT

CITY OF SACRAMENTO
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May 25, 1999

AG 99-087
AG 99-088
AG 99-089

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: AGREEMENTS TO LEASE: 1235 AND 1237 J STREET (LOT E PARKING GARAGE) TO BILL J. MORRIS, dba PENNISI'S DELI; 1233 J STREET (LOT E PARKING GARAGE) TO OMEGA WORLD TRAVEL; AND 1011 L STREET - SUITE G (TENTH & L PARKING GARAGE) TO DONALD C. MILKE, dba MR. DON'S HAIR STYLING FOR MEN AND WOMEN

LOCATION AND COUNCIL DISTRICT: Thirteenth and J Streets; Tenth and L Streets; Council District 1

RECOMMENDATION:

This report recommends that the City Council, by resolution, authorize the execution of lease agreements with: 1) Bill J. Morris, dba Pennisi's Deli for retail space at 1235 and 1237 J Street, Lot E Parking Garage; 2) Omega World Travel for retail space at 1233 J Street, Lot E Parking Garage; and, 3) Donald C. Milke, dba Mr. Don's Hair Styling for Men and Women for retail space at 1011 L Street, Suite G, Tenth and L Streets Parking Garage

CONTACT PERSON: Kristan Otto, Development Manager, 264-7948
Thomas V. Lee, Deputy City Manager, 264-8109

FOR COUNCIL MEETING OF: June 1, 1999

SUMMARY:

Subject to City Council approval, the following leases have been negotiated:

- Five-year lease agreement with one five-year option to renew has been negotiated to lease 2,280 square feet of retail space to Pennisi's Deli. The lease is for 1235 and 1237 J Street. Rent payments in year one are Two Thousand Dollars (\$2,000.00) per month (\$0.88 per square foot) with annual increases of five cents (\$0.05) per square foot through year five (\$1.35 per square foot).
- Five-year lease agreement with one five-year option to renew has been negotiated to lease 980 square feet of retail space to Mr. Don's Hair Styling Salon for Men & Women. The lease is for 1101 L Street, Suite G. Rent payments are Nine Hundred Dollars (\$900.00) per month (\$0.92 per square foot).
- One-year lease agreement has been negotiated to lease 1,140 square feet of retail space to Omega Travel. The lease is for 1233 J Street. Rent payments are One Thousand One Hundred Forty Dollars (\$1,140.00) per month (\$1.00 per square foot).

COMMITTEE/COMMISSION ACTION:

There was none required for this report.

BACKGROUND INFORMATION:

On December 15, 1998, Council approved the Convention Center hotel Environmental Impact Report (EIR) and authorized staff to finalize and execute documents; on February 23, 1999, Council authorized the financing plan for the hotel. As part of the project, three businesses located in the Public Market building had to be relocated to other sites. The three leases being recommended for execution by this report represent leases for retail space in parking garages for these three businesses.

FINANCIAL CONSIDERATIONS:

Rent rates are within Council-set guidelines; proceeds from the bond sale will subsidize the rent to the market rate of \$1.40 per square foot. Rents commence with completion of tenant improvements.

Rental income from the Tenth and L parking garage retail space will be deposited in the appropriate Parking Fund for operation of City garages; rental income from Lot E will be deposited in accordance with the bond documentation for the hotel project.

ENVIRONMENTAL CONSIDERATIONS:

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:

None.

ESBD CONSIDERATIONS:

There are no goods or services are being purchased since this is leasing of retail garage space.

Respectfully submitted,



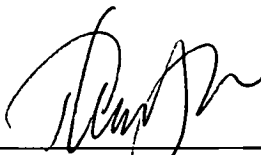
Kristan Otto, Downtown Department Manager

APPROVED:



Thomas V. Lee, Deputy City Manager
Downtown and Regional Enterprise Department

RECOMMENDATION APPROVED:



Robert P. Thomas
City Manager

APPROVED
BY THE CITY COUNCIL

RESOLUTION NO. 99-268

JUN 1 1999

ADOPTED BY THE SACRAMENTO CITY COUNCIL

OFFICE OF THE
CITY CLERK

ON DATE OF _____

AGREEMENTS TO LEASE: 1235 AND 1237 J STREET (LOT E PENNISI'S DELI; 1223 J STREET (LOT E PARKING GARAGE) TO OMEGA WORLD TRAVEL; AND 1011 L STREET - SUITE G (TENTH & L PARKING GARAGE) TO DONALD C. MILKE, dba MR. DON'S HAIR STYLING FOR MEN AND WOMEN

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

1. That the City Manager is hereby authorized and directed to execute a lease with Pennisi's Deli for the lease of retail space at the 1235 and 1237 J Street; with Omega World Travel for the lease of retail space at 1223 J Street; and with Donald C. Milke for the lease of retail space at 1011 G Street, Suite G.
2. The City Manager is further authorized to execute such additional documents, and to take additional acts as necessary, to implement the lease.
3. Income derived from the lease of 1011 L Street shall be deposited in the Parking Fund for the operation of City garages; income derived from 1223, 1235, and 1237 shall be deposited in accordance with the bond documentation from the Convention Center hotel project.

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO: _____

DATE ADOPTED: _____

4