



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2604

[www. CityofSacramento.org](http://www.CityofSacramento.org)

Consent
March 23, 2010

Honorable Mayor and
Members of the City Council

Title: Lease Agreement: 1013 L Street

Location/Council District: 1013 L Street and Capitol Garage/ District 1

Recommendation: Adopt a **Resolution:** 1) finding that, pursuant to City Code Section 3.68.110, the leasing of 1013 L Street and a storage room in Capitol Garage without bidding is in the best interests of the City; and 2) authorizing the City Manager to execute a 5-year lease agreement with two 5-year options to extend with Abe Saadeh for retail and storage 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: Abe Saadeh has submitted an offer to lease the City's property located at 1013 L Street in Capitol Garage. He plans to open an Italian style café that specializes in homemade gelato but will also serve pasta dishes, sandwiches, salads, and espresso based coffee beverages. Mr. Saadeh also submitted an offer to lease a small room located in the basement of Capitol Garage which he will use as supplemental storage space to support his restaurant operations.

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: Not applicable.

Other: None.

Commission/Committee Action: None.

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. Mr. Saadeh 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: 1013 L Street measures approximately 850 square feet in size. Based on a market rate of \$1.75 per square foot, monthly rent payments will begin at \$1,487.50 and increase 2% annually. The small storage room is approximately 100 square feet and will be leased for a flat rate of \$50 per month. Total rent collected during the initial 5-year term will be \$95,891 (including rent for the storage room). All rental income will be deposited in the Parking Fund (Fund 6004). The City will contribute a one-time tenant improvement allowance of \$42,500 (\$50 per square foot) (Fund 6004) to be applied towards facility upgrades, including the installation of a restroom and added infrastructure that will remain part of the building.

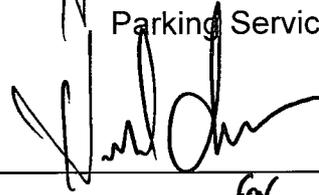
Emerging Small Business Development (ESBD): Not applicable.

Respectfully Submitted by: _____



Howard Chan
Parking Services Manager

Approved by: _____



for Jerry Way
Director of Transportation

Recommendation Approved:



Gus Vina
Acting City Manager

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RESOLUTION NO.

Adopted by the Sacramento City Council

LEASE AGREEMENT: 1013 L STREET

BACKGROUND

- A. Abe Saadeh has submitted an offer to lease the City's property located at 1013 L Street in Capitol Garage. He plans to open an Italian style café that specializes in homemade gelato but will also serve pasta dishes, sandwiches, salads, and espresso based coffee beverages. Mr. Saadeh has also submitted an offer to lease a small room located in the basement of Capitol Garage which will be used as supplemental storage space to support his restaurant operations.
- B. Pursuant to City Code Section 3.68.110 Abe Saadeh submitted a firm and complete written offer to lease the 1013 L Street space and the small storage room 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. 1013 L Street is located near the corner of 11th and L Streets in the City's Capitol Garage. The site is approximately 850 square feet in size. Capitol Garage has over 21,000 square feet of commercial retail/office space. The storage room is located in the central basement portion of the garage and is approximately 100 square feet in size
- D. The term of the lease is five years with two 5-year options. Based on a market rate of \$1.75 per square foot, monthly rent payments will begin at \$1,487.50 and increase 2% annually. The small storage room is approximately 100 square feet and will be leased for a flat rate of \$50 per month. Total rent collected during the initial 5-year term will be \$95,891 (including rent for the storage room). All rental income will be deposited in the Parking Fund (Fund 6004). The City will contribute a one-time tenant improvement allowance of \$42,500 (\$50 per square foot) to be applied towards facility upgrades, including the installation of a restroom and added infrastructure that will remain part of the building.

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 1013 L Street and a central storage room without bidding.
- Section 2. The City Manager is authorized to execute a lease agreement with Abe Saadeh for retail space located located at 1013 L Street and a storage room located in Capitol Garage for a term five years with two 5-year options.