



APPROVED  
BY THE CITY COUNCIL

SEP 8 1998

OFFICE OF THE  
CITY CLERK

1.5

DOWNTOWN  
DEPARTMENT

CITY OF SACRAMENTO  
CALIFORNIA

AG 98-133

312 K STREET  
SACRAMENTO, CA  
95814-3329

PARKING LOT ADMINISTRATION

PH: 916-264-5110  
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August 26, 1998

City Council  
Sacramento, California

Honorable Members in Session:

**SUBJECT: AGREEMENT TO LEASE 1122 11<sup>th</sup> Street (LOT H PARKING GARAGE) TO DEBORAH ALEN AND AHMED TAHA**

**LOCATION/COUNCIL DISTRICT:** West side of 11<sup>th</sup> Street, between K and L Streets – Council District 1.

**RECOMMENDATION:**

This report recommends that the City Council, by resolution, authorize the termination of the Lease Agreement in effect at 1122 11<sup>th</sup> Street and authorize execution of a Lease Agreement with Deborah Alen and Ahmed Taha, dba 11<sup>th</sup> Street Bakery & Café, for retail space at 1122 11th Street, Lot H Parking Garage (see map attached as Exhibit A).

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

**FOR COUNCIL MEETING OF:** September 8, 1998

**SUMMARY:**

This report recommends City Council approval of a five-year lease agreement for use of the space at 1122 11<sup>th</sup> Street in the City's H Lot as well as the termination of the current Lease with Honeycutt's Bakery which is selling its business. Approval will retain a food service venue at that location and increase rental income from \$2,300 to \$3,841.60 per month.

**BACKGROUND INFORMATION:**

Subject to City Council approval, a five-year Lease Agreement with one (1) five-year option to renew has been negotiated to lease 3920 square feet of retail space to 11<sup>th</sup> Street Bakery &

City Council

Lease Agreement with 11<sup>th</sup> Street Bakery & Café for 1122 11<sup>th</sup> St.  
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Café. The lease is for the space at 1122 11<sup>th</sup> Street that is currently occupied by Honeycutt's Bakery. Stan Folfas, the owner of Honeycutt's is selling his business to Ms. Alen, and subject to Council approval Mr. Folfas will terminate his current Lease Agreement. As a result of Mr. Folfas' termination of his Lease, Taco Loco, the current sublessee of Mr. Folfas, will also terminate their occupancy of the location.

The lease rate in the proposed agreement begins at \$0.98 per square foot per month, and increases to \$1.15 by the fourth year of the term. These rates are below the City Council established minimum rental rate for Lot H of \$1.25 per square foot per month (Resolution No. 97-575). The lower rate is due to the fact that a sizable portion of the floor space at 1122 11<sup>th</sup> St. can only be used for storage because of restricted access and low ceilings.

The new tenant, Deborah Alen, has 25 years experience in the food industry, having worked in both management and production. Her plan is to upgrade the quality of baked goods, create a diversified menu, and change the décor of the location to appeal to the upscale surroundings of the Capitol. The location is excellent for attracting foot traffic as the front door is twenty feet from one of the two elevators in the 10<sup>th</sup> and L Street Parking Garage. Furthermore, Ms. Alen brings an established list of clients to whom she has been providing catering services.

The Lease agreement has been approved to form by the City Attorney's Office, and the tenant's credit has been checked and approved by the City's Revenue Division.

**FINANCIAL CONSIDERATIONS:**

Monthly rental payments for the initial term will be as follows:

Year 1	\$3,841.60 (\$0.98/sq. ft./mo.)
Year 2	\$4,116.00 (\$1.05/sq. ft./mo.)
Year 3	\$4,312.00 (\$1.10/sq. ft./mo.)
Year 4,5	\$4,508.00 (\$1.15/sq. ft./mo.)

The City will provide a total of five months of free rent over the life of the Lease. The City will also reimburse the Lessees for the cost of replacing the flooring of the premises as the floor no longer meets County health standards.

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.

City Council  
Lease Agreement with 11<sup>th</sup> Street Bakery & Café for 1122 11<sup>th</sup> St.  
August 26, 1998

Rental income for the initial five-year term will be \$234,220, an increase of \$96,220 over the rental income generated by this location during the last five years. All rents 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.

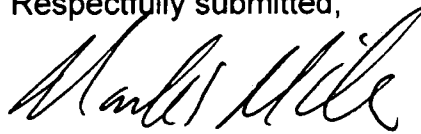
**POLICY CONSIDERATIONS:**

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

**MBE/WBE:**


None. No goods or services are being purchased.

Respectfully submitted,




Mark S. Miller  
Parking Operations Manager

RECOMMENDATION APPROVED:



WILLIAM H. EDGAR  
City Manager

APPROVED:



Thomas V. Lee  
Deputy City Manager

APPROVED  
BY THE CITY COUNCIL

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OFFICE OF THE  
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**RESOLUTION NO. 98-467**

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF \_\_\_\_\_

**RESOLUTION AUTHORIZING THE TERMINATION  
OF LEASE AGREEMENT 90-187 WITH THE OWNERS  
OF HONEYCUTT'S BAKERY AND AUTHORIZING THE EXECUTION OF A  
NEW LEASE AGREEMENT WITH DEBORAH ALLEN AND AHMED TAHA,  
dba 11<sup>TH</sup> STREET BAKERY & CAFÉ, FOR THE LEASE OF  
RETAIL SPACE AT 1122 11<sup>TH</sup> STREET**

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

1. That the City Manager is hereby authorized and directed to terminate City Agreement 90-187 and is authorized to execute a Lease with Deborah Alen, an individual, and Ahmed Taha, an individual, dba 11<sup>th</sup> Street Bakery & Café, for the lease of retail space at 1122 11th 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: \_\_\_\_\_

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

