



REPORT TO COUNCIL

City of Sacramento ⁵

915 I Street, Sacramento, CA 95814-2604

www. CityofSacramento.org

Consent

December 1, 2009

**Honorable Mayor and
Members of the City Council**

Title: Lease Agreement: 917 10th Street

Location/Council District: 917 10th Street/District 1

Recommendation: Adopt a **Resolution:** 1) finding that, pursuant to City Code section 3.68.110, the leasing of 917 10th 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 two 5-year options with Michael and Annetta Zimmerman for retail space located at City Hall Garage.

Contact: Paul Sheridan, Program Analyst, 808-6817

Presenters: None

Department: Transportation

Division: Parking Services

Organization No: 15001211

Description/Analysis

Issue: Michael and Annetta Zimmerman are the owners of the Michael Z Salon which has been operating at its current location in City Hall Garage since 1994. Their lease expired September 30, 2009 and they submitted an offer to lease the site for an additional five years with two 5-year options.

Policy Considerations: The recommendation is consistent with the City's strategic plan and 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: There are no sustainability considerations applicable to this action.

Other: None.

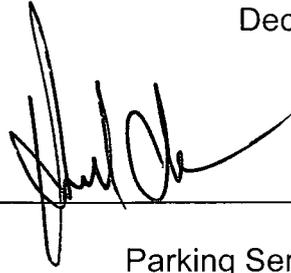
Commission/Committee Action: None.

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. Michael and Annetta Zimmerman, owners of the Michael Z Salon, have been operating their salon at its current location since 1994. The Zimmermans 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 allow the Zimmermans to continue operating their salon at City Hall Garage and the City will retain another quality tenant that serves the downtown area.

Financial Considerations: The space at 917 10th Street measures approximately 786 square feet in size. Based on a market rate of \$1.75 per square foot, monthly rent payments will begin at \$1,375.50 and increase 3% annually. Total rent collected during the initial 5-year term will be \$87,632. All rental income will be deposited in the Parking Fund (Fund 6004). Since the tenant is not planning any new improvements to the space, no tenant improvement funds are being provided.

Emerging Small Business Development (ESBD): Not applicable.

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: 917 10TH STREET

BACKGROUND

- A. Michael and Annetta Zimmerman are owners of the Michael Z Salon which has been operating at its current location in City Hall Garage since 1994. Their lease expired September 30, 2009 and they submitted an offer to lease the site for an additional five years with two 5-year options.
- B. Pursuant to City Code Section 3.68.110 the Zimmermans submitted a firm and complete written offer to lease the 917 10th 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. 917 10th Street is located near the corner of 10th and I Streets in the City's City Hall Garage. The site is approximately 786 square feet in size. City Hall Garage has over 21,000 square feet of commercial retail/office space.
- D. The term of the lease is five years with two 5-year extended term options. Based on a market rate of \$1.75 per square foot, monthly rent payments will begin at \$1,375.50 and increase 3% annually. Total rent collected during the initial 5-year term will be \$87,632. All rental income will be deposited in the Parking Fund (Fund 6004).
- E. Since the tenant is not planning any new improvements to the space, no tenant improvement funds are being provided.

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 917 10th Street without bidding.
- Section 2. The City Manager is authorized to execute a lease agreement with Michael and Annetta Zimmerman, owners of the Michael Z Salon, for retail space located at 917 10th Street for a term of five years with two 5-year options.