

RESOLUTION NO. 2011-249

Adopted by the Sacramento City Council

April 26, 2011

LEASE ADMINISTRATION FOR JOE'S CRABSHACK AUTHORIZING DISTRIBUTION OF RENTS TO COMPLY WITH STATE LANDS MASTER LEASE REQUIREMENTS AND AUTHORIZING PAYMENTS FOR CAPITAL IMPROVEMENT PROJECTS FOR JOES CRABSHACK REPAIRS PROJECT (B18119000), OLD SACRAMENTO SERVICE COURTS (M17700000), AND OLD SACRAMENTO DISTRICT IMPROVEMENTS (M17700100) TO FULFILL THE LEASE REQUIREMENTS

BACKGROUND

- A. On July 1, 1986, the City entered into a master lease with the State Lands Commission requiring payment of 20% of all income derived from subleases on the waterfront property in Old Sacramento, City Agreement #86013.
- B. On August 14, 2001, the City entered into a sublease (Sublease) with Crab Addison, Inc., dba, Joe's Crabshack, City Agreement #2001-067.
- C. Section 5.02 of the Sublease provides that the City, at its sole expense, shall perform structural repairs and major City improvements in all public areas in and around Joe's Crabshack Restaurant.
- D. Article 3 of the Sublease provides the terms for recalculating rent during years 6-10 of the sublease (FY2008/09-FY2012/13) and for each five year interval thereafter, based on CPI index from prior and current years.
- E. Due to the timing of the rent calculation, there was additional rent owed for FY 2008/09 and FY 2009/10 in the amount of \$127,676.
- F. To comply with the maintenance and structural improvement requirements of the Sublease, \$40,000 annual funding for Old Sacramento maintenance and \$20,000 annual funding for Sublease administration has been provided from Sublease revenues.
- G. The actual cost of the maintenance has increased to \$60,000 and the cost of Sublease administration has increased to \$30,000 since the City entered into the Sublease in 2001.
- H. The remaining Sublease revenues, net of State Lands Commission rental payment and costs related to the maintenance and administration, have historically been equally distributed to Joe's Crabshack repairs project (B18119000) to maintain and repair the piles and pier on which the restaurant sits, Old Sacramento Service Courts

(M17700000) to fulfill the City's requirement to construct and maintain the Service areas under the Maintenance Area District Plan, and Old Sacramento District Improvements (M17700100) to fulfill the general Sublease requirement to maintain public areas.

- I. The Sublease terminates June 30, 2035

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1 After payment of rent to the California State Lands Commission as required under the Master Lease Agreement (City Agreement 86013), the remainder of the rent proceeds received by the City of Sacramento under the Crab Addison, Inc. (Joe's Crabshack) sublease (City Agreement 2001-067) are authorized to be allocated annually as follows: a) \$60,000 for Old Sacramento maintenance; b) \$30,000 for Sublease administration; and, c) the remainder of the rent proceeds to be equally distributed to Joe's Crabshack repairs project (B18119000), Old Sacramento Garbage Service Courts (M17700000), and Old Sacramento District Improvements (M17700100).
- Section 2 Additional rent proceeds, net of the required State Lands Commission payment, in the amount of \$102,140 received by the City under the Sublease from FY 2008/09 and FY 2009/10 are authorized to be allocated to Old Sacramento Garbage Service Courts (M17700000) to fulfill the City's requirement to construct the Service areas under the Maintenance Area District Plan.
- Section 3 The City Manager or the City Manager's designee is authorized to adjust the revenue and expenditure budgets to reflect the additional rent proceeds of \$102,140 and the allocation of those proceeds to Old Sacramento Garbage Service Courts ((M17700000)).

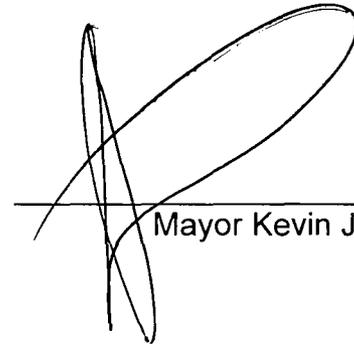
Adopted by the City of Sacramento City Council on April 26, 2011 by the following vote:

Ayes: Councilmembers Ashby, Cohn, D Fong, R Fong, McCarty, Pannell, Schenirer, Sheedy, and Mayor Johnson.

Noes: None.

Abstain: None.

Absent: None.



Mayor Kevin Johnson

Attest:



Shirley Concolino, City Clerk