



**REPORT TO REDEVELOPMENT
AGENCY
City of Sacramento
915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org**

**Public Hearing
June 21, 2011**

Honorable Chair and Members of the Redevelopment Agency

Title: Lease Agreement for 1224 Del Paso Boulevard

Location/Council District: North Sacramento Redevelopment Area (District 2 and 3)

Recommendation: Adopt a **Redevelopment Agency Resolution** a) authorizing the Executive Director, or her designee, to enter into a Lease Agreement for one year between the Redevelopment Agency and the Sacramento News and Review to lease the real property at 1224 Del Paso Boulevard (APN: 275-0123-003-0000) for the purpose of storing newsstands for a city-wide public art project.

Contact: Chris Pahule, Assistant Director, Community Development Department, (916) 440-1350

Presenters: Marti Brown, Senior Redevelopment Planner, Housing and Community Development Department

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue: The Redevelopment Agency (Agency) purchased 1224 Del Paso Boulevard, along with 1212 and 1314 Del Paso Boulevard, in 2008 as part of a one acre land assembly project to compliment other development activities at the Globe Light Rail Station. The development site is constrained while Exxon/Mobil performs environmental clean up of 1212 Del Paso Boulevard, which is anticipated to be completed in 2013.

In the interim, the Agency leased 1314 to the City of Sacramento for parking and entered into a one-year lease with the Sacramento News and Review (SNR) to provide storage space for approximately 6,000 newsstands that are part of a joint public art project between SNR and the Sacramento Metropolitan Arts Commission (SMAC). It has become one of the largest public art projects in the country focused on the installation of 600 original pieces of art newsstands in the community to highlight and celebrate the fine artists of Sacramento. The

Lease Agreement for 1224 Del Paso Boulevard

lease is set to expire and authorization from the Redevelopment Agency Board is necessary to enter into a lease longer than one year. Staff also seeks to delegate authority to the Executive Director for approval of two additional one-year extensions.

Policy Considerations: The actions contained in this report are consistent with the North Sacramento Redevelopment Plan and the adopted 2009-2014 North Sacramento Five-Year Implementation plan, including the strategy to "Reinvigorate the Boulevard" by concentrating "placemaking" on Del Paso Boulevard, expanding the area's arts theme, and continuing to develop its eclectic arts and entertainment district. This action will also prevent deterioration of the property and the spread of blighting conditions on Del Paso Boulevard.

Environmental Considerations:

California Environmental Quality Act (CEQA): The Lease Agreement is Categorically Exempt under CEQA Guidelines Section 15301. The proposed action to renew this Lease Agreement does not impact the CEQA findings nor does it constitute a substantial change with respect to the circumstances under which the project will be undertaken. Therefore, the recommended actions do not require further environmental review.

Sustainability Considerations: N/A

Committee Action: *North Sacramento Redevelopment Advisory Committee Action:* At its meeting on May 19, 2011, the North Sacramento Redevelopment Advisory Committee considered the staff recommendation for this item. The votes were as follows:

AYES: Carpenter, Garcia, McCleary, Underwood and Watts

NOES: None

ABSTAIN: Sheppard

ABSENT: Meeker, Plag and Santamaria

Rationale for Recommendation: As the Agency is unable to actively seek redevelopment proposals for the site until environmental clean up is complete, this report recommends an interim lease of 1224 Del Paso Boulevard to SNR for the purposes of the joint public art project. The lease term will be for one year with the possibility of two, one year extensions, at the discretion of the Executive Director. The lease will allow access and use of the 5,000 square foot building for the storage of newsstands. As consideration, SNR shall be responsible for keeping the entire premises free of garbage, debris, and vegetation that might otherwise accumulate on the site.

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Financial Considerations: The Agency currently is responsible for general maintenance of 1224 Del Paso Boulevard. The lease requires that SNR maintain the Property. To support the SNR Art Newsstand Project, the Agency recommends a \$1 per month lease payment.

M/WBE Considerations: The activities recommended in this staff report do not involve federal funding; therefore, there are no M/WBE requirements.

Respectfully Submitted by: 
LA SHELLE DOZIER
Executive Director

Recommendation Approved:


WILLIAM H. EDGAR
Interim City Manager

Approved as to form:

Agency Counsel

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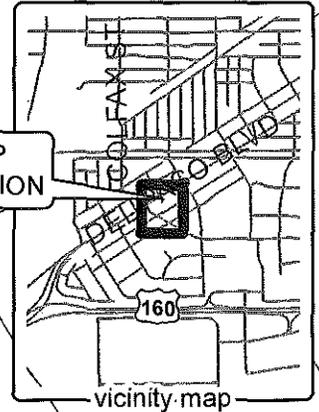
1224 Del Paso Boulevard



DALE AVE

DEL PASO BLVD

MAP LOCATION



1224 DEL PASO BLVD

1314

1212

SOUTHGATE RD

LOCHBRAE RD



1224 Del Paso Boulevard



Other Agency Owned Parcel

0 75 150 Feet



SHRA GIS
June 2, 2011



RESOLUTION NO. 2011 -

Adopted by the Redevelopment Agency of the City of Sacramento

on date of

1224 DEL PASO BOULEVARD – LEASE AGREEMENT

BACKGROUND

- A. The Redevelopment Agency of the City of Sacramento ('Agency') adopted the North Sacramento Redevelopment Plan ('Redevelopment Plan') in 1992 and a Five-Year Implementation Plan for the North Sacramento Redevelopment Project Area in 2009.
- B. The Agency acquired 1224 Del Paso Boulevard on May 2, 2008 with Tax Increment funds in an effort to eliminate the blighting conditions of vacant and underutilized land and buildings. The acquisition is consistent with the Five-Year Implementation Plan.
- C. Due to the economic downturn, the Agency has been unable to sell or lease the building and property for redevelopment.
- D. In 2010, the Sacramento News and Review approached the Agency to lease the site to store 6,000 newsstands for a joint city-wide public art project with the Sacramento Metropolitan Arts Commission.
- E. In June 2010, the Agency entered into a one-year lease with the Sacramento News and Review.
- F. The lease expires in June 2011.
- G. The Sacramento News and Review has expressed an interest in extending the lease agreement and to continue the public art project.
- H. The new Lease Agreement is Categorically Exempt under CEQA Guidelines Section 15301. The proposed action to enter into a new Lease Agreement does not impact the CEQA findings nor does it constitute a substantial change with respect to the circumstances under which the project will be undertaken. Therefore, the recommended actions do not require further environmental review under CEQA Guidelines Section 15162 and 15163.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE REDEVELOPMENT AGENCY RESOLVES AS FOLLOWS:

- Section 1. After a public hearing, held pursuant to Health & Safety Code Section 33431 and consideration of the evidence presented, the findings as stated in the Background, above, including the environmental findings regarding this action are approved.
- Section 2. The proposed action is consistent with the goals of the Redevelopment Agency of the City of Sacramento (Agency and Lessor) and this interim use will contribute to the elimination of blighting influences within the North Sacramento Redevelopment Area by preventing deterioration of the property, stopping the spread of blighting conditions and supporting revitalization of business and cultural activities in the Project Area using the building for a public art project that will benefit the City of Sacramento.
- Section 3. The Executive Director or her designee is authorized to enter into the Lease Agreement for one year between the Sacramento News and Review and the Agency to lease the real property at 1224 Del Paso Boulevard (APN: 275-0123-003-0000) for the purpose of storing 6,000 newsstands for a city-wide public art project. This authorization shall include any future amendments that may be deemed necessary and appropriate to modify and/or extend the term of the Lease Agreement for an additional one year lease term. Such one year lease term extension may be made no more than two (2) times pursuant to the Lease Agreement and all terms of the Lease.

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Exhibit A: Lease Agreement



LEASE AGREEMENT

THIS LEASE, dated _____, 2011 is between the **REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO** (LESSOR), and the **SACRAMENTO NEWS AND REVIEW**, (LESSEE).

RECITALS

A. LESSOR is the owner of real property known as 1224 Del Paso Boulevard, Sacramento, California in the City of Sacramento, State of California, (the Premises), more particularly described in the Property Description, Exhibit B, attached hereto and incorporated herein (the Premises).

B. The Premises are located in the North Sacramento Redevelopment Project Area and is subject to the Redevelopment Plan for the Project Area. LESSEE is leasing the Premises from LESSOR, a Redevelopment Agency formed and acting under the Community Redevelopment Law (California Health & Safety Code Sections 33000 *et seq.*) and that this lease is governed by the Community Redevelopment Law.

C. The purpose of this lease is to temporarily utilize vacant LESSOR property in support of activities that eliminate or mitigate blighting conditions in the Project Area.

AGREEMENT

1. LEASE TERM:

A. LESSOR grants to LESSEE a tenancy of the Premises for ONE (1) year commencing according to the Schedule in Section 2, below.

B. LESSOR shall have the right to cancel this Lease at no cost or penalty by giving LESSEE thirty (30) days written notice.

C. LESSEE understands and acknowledges that LESSOR intends to redevelop property, including the Premises, as soon as redevelopment becomes feasible. This lease, and the use contemplated by this lease, is therefore temporary in nature. LESSEE shall not by this lease, or otherwise, be entitled to relocation benefits or replacement parking resulting from the expiration or termination of this lease.

D. There shall be no holdover beyond the initial lease term. Further use and enjoyment of the premises beyond the initial one year term may be granted by Agency's Executive Director at her sole discretion, for two additional one year terms.

2. SCHEDULE:

The lease term shall commence when the Premises are prepared for use, or the date LESSEE takes possession of the premises, whichever occurs first and in no instance later than June 24, 2011.

3. RENTAL RATE:

Consideration for this LEASE shall be for storage purposes only. There will be a fee of \$1 per month.

LESSEE shall at all times during this LEASE be responsible for and maintain and clean debris and landscaping located on the premises.

4. USE:

A. LESSEE accepts the Premises in its present "as is" condition and LESSOR is under no obligation to undertake any improvements including those necessary to make the Premises suitable for LESSEE's intended use. LESSEE, at its sole cost, shall maintain Premises in good condition and keep free of garbage and debris.

B. The Premises shall be used by LESSEE only for the purposes of storage. The Premises shall be used for no other purpose without LESSOR's written consent.

C. There shall be no overnight parking on the Premises.

5. ALTERATIONS BY LESSEE:

LESSEE may make no alterations to the leased premises without the prior written consent of LESSOR.

6. UTILITY SERVICE PAYMENT:

The LESSEE is responsible for the payment for any and all utilities required LESSEE's use including but not limited to water, electricity and drainage.

7. MUTUAL INDEMNIFICATION:

Neither LESSOR nor any of its officers or employees, shall be responsible for any damage or liability occurring by reason of anything done or omitted to be done by LESSEE under this Agreement. It is also understood that, pursuant to Government Code Section 895.4, LESSEE shall fully indemnify, defend and hold LESSOR harmless from any liability imposed for injury to persons or property occurring by reason of anything done or omitted to be done by LESSEE under or in connection with any work, authority or jurisdiction delegated to LESSEE under this Agreement.

Neither LESSEE nor any of its officers or employees shall be responsible for any damage or liability occurring by reason of anything done or omitted to be done by LESSOR under this Agreement. It is also understood that, pursuant to Government Code Section 895.4, LESSOR shall fully indemnify, defend and hold LESSEE harmless from any liability imposed for injury to persons or property occurring by reason of anything done or omitted to be done by LESSOR under or in connection with any work, authority or jurisdiction delegated to LESSOR.

LESSEE agrees to indemnify, defend and hold LESSOR and LESSOR'S governing boards, employees, agents and contractors harmless from all liability, penalties, losses, damages, costs, expenses, causes of action, claims, or judgments arising by reason of any death, bodily injury, personal injury, or property damage resulting from any cause occurring in or about or resulting from an occurrence in or about Premises during the Lease Term; the negligence or willful misconduct of LESSEE or LESSEE's agents, employees, and contractors wherever it occurs; or, an Event of LESSEE's Default.

The provisions of this Section 7 shall survive the expiration or sooner termination of this Lease.

8. INSURANCE:

LESSOR and LESSEE, at their sole cost and expense, shall carry insurance—or self-insure—its activities in connection with this Agreement, and obtain, keep in force and maintain, insurance or equivalent program self-insurance, for general liability, workers compensation and business automobile liability adequate to cover its potential liabilities hereunder. Each party agrees to provide the other thirty (30) days' advance written notice of any cancellation, termination or lapse of any of the insurance or self-insurance coverages.

9. REPAIR CONTRACT:

LESSOR shall designate sources to be called when repairs to the Premises are required. The sources shall be called in the event LESSEE is unable to contact LESSOR within a reasonable time.

10. RISK OF HAZARDS:

LESSEE shall not do anything on the Premises, nor bring or keep anything thereon which will in any way increase the risk of fire or the rate of insurance, or which shall conflict with the regulations of any fire district having jurisdiction.

LESSEE shall not do anything on the Premises, nor bring or keep anything thereon or use or apply chemical or hazardous materials on the Premises.

11. LESSEE OWNED ITEMS:

All permanent fixtures, partitions or other improvements made or installed under the requirements of this Lease, by either LESSOR or LESSEE, shall remain the property of the LESSOR. LESSEE shall repair any damage to the leased premises resulting from removal of any fixture, partition or other improvement installed by LESSEE.

12. WRITTEN COMMUNICATIONS:

A. Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other party pursuant to this Lease shall be in writing and either served personally or sent by prepaid, first class, certified mail.

Such matters shall be addressed to the other party at the following address:

<u>To LESSOR at:</u>	<u>To LESSEE at:</u>
Redevelopment Agency of the City of Sacramento 801 12 th Street Sacramento, CA 95814	Sacramento News and Review 1124 Del Paso Boulevard Sacramento, CA 95815
Phone No. (916) 440-1322 Fax No. (916) 447-2261	Phone No. (916) 498-1234 Fax No. (916) 498-7920

or such other address as a party may designate to the other by notice.

B. Any matter mailed pursuant to this paragraph shall be deemed communicated within forty-eight (48) hours from the time of mailing.

13. RIGHT AND REMEDY:

No delay or omission in the exercise of any right or remedy of either party on any default of the other party shall impair such a right or remedy or be construed as a waiver of such default. Any waiver by either party of any default of the other party shall be in writing and shall not be a waiver of any other default concerning the same or any other provisions of the Lease.

14. RULES AND REGULATIONS:

LESSEE'S occupancy and use of the Premises shall at all times be conducted in manner that is in compliance with applicable statues, regulations and ordinances. Violation of these Rules and Regulations will be a default by LESSEE, in which case LESSOR may terminate this Lease on 48 hours written notice.

15. SUBLEASE

LESSOR shall allow LESSEE to assign or sublease its interest in this agreement. Any document to transfer, sublet, or assign the Premises or any part thereof shall

incorporate directly or by reference all the provisions of this Lease including but not limited to the insurance requirements.

LESSOR:
REDEVELOPMENT AGENCY OF
THE CITY OF SACRAMENTO

LESSEE:
SACRAMENTO NEWS AND REVIEW

By: _____
LaShelle Dozier, Executive Director

By: _____
Jeff von Kaenel, Chief Executive Officer

DATE: _____

DATE: _____

APPROVED AS TO FORM:

APPROVED AS TO FORM

AGENCY COUNSEL

By: _____

ATTEST

By: _____