

**Meeting Date:** 12/16/2014

**Report Type:** Consent

**Report ID:** 2014-00928

**Title:** Michael Z Salon Lease Agreement 2009-1059: Amendment to Add Two 5-year Options to Extend Existing Lease Agreement

**Location:** 917 10th Street, District 4

**Recommendation:** Pass a Motion 1) amending Lease Agreement 2009-1059 with Michael and Annetta Zimmerman to add two additional five-year options to extend the lease; and 2) authorizing the City Manager to enter into minor lease amendments pursuant to Sacramento City Code Section 3.68.120.

**Contact:** Erika Galang, Program Specialist, 808-8572; Matthew W. Eierman, Parking Services Manager, 808-5849, Department of Public Works

**Presenter:** None

**Department:** Public Works Department

**Division:** Off-Street Parking Admin

**Dept ID:** 15001211

**Attachments:**

1-Description/Analysis

2-Exhibit A (Lease Agreement)

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**City Attorney Review**

Approved as to Form

Gerald Hicks

12/8/2014 9:46:49 AM

**Approvals/Acknowledgements**

Department Director or Designee: Jerry Way - 12/1/2014 7:24:36 AM

## Description/Analysis

**Issue:** Michael and Annetta Zimmerman, owners of the Michael Z Salon, have been operating their business at its current location in City Hall Garage since 1994. The initial 60-month term of their Lease Agreement (“Lease”) 2009-1059 expires December 31, 2014. The Lease entitles them to two additional five-year options to extend their tenancy. They have given notice of their desire to exercise the first Extended Term option and to amend the Lease to add two additional five-year options to extend the Lease.

**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 Environment Equality 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:** Michael and Annetta Zimmerman, owners of the Michael Z Salon, have operated a successful business in the City Hall Garage since 1994 and wish to remain as long-term tenants by exercising their option for the first Extended Term and amend the Lease to add two additional five-year options to extend the Lease.

**Financial Considerations:** 917 10<sup>th</sup> Street measures approximately 786 square feet in size. Based on a market rate of \$1.75 per square foot, monthly rent payments for the first Extended Term will begin at \$1,375.50 and increase 3% annually. Total rent collected during the first Extended Term will be \$87,632.60. All rental income will be deposited in the Parking Fund (Fund 6004).

Because Michael Z Salon has operated in the City Hall Garage since 1994 and updates to replace outdated materials and improve energy efficiency are necessary to be in line with the recent City Hall Garage CIP renovation, the City has agreed to make site improvements at an estimated cost of \$11,500.

**Local Business Enterprise Program (LBE):** There are no LBE considerations associated with the requested action.



Requires Council Approval:  No  YES Meeting: 12/16/2014

Real Estate  Other Party Signature Needed  Recording Requested

**General Information**

Type: <b>Other</b>	PO Type: <b>Select PO Type</b>	Attachment: <b>Amendment No.: 1</b>
\$ Not to Exceed: <b>N/A</b>		Original Doc Number: <b>2009-1059</b>
Other Party: Michael and Annetta Zimmerman		<b>Certified Copies of Document: 1</b>
Project Name: Michael Z Salon, 917 10 <sup>th</sup> Street Lease Amendment		Deed: <input type="checkbox"/> None <input type="checkbox"/> Included <input type="checkbox"/> Separate
Project Number:	Bid Transaction #:	E/SBE-DBE-M/WBE:

**Department Information**

Department: Public Works Division: **Parking Services**  
 Project Mgr: Supervisor:  
 Contract Services: **Erika Galang** Date: 11-24-2014 Section Manager:  
 Phone Number: **808-8572** Division Manager: **Matt Eierman**  
 Comment: Org Number:

**Review and Signature Routing**

Department	Signature or Initial	Date
Contract Services:	<i>[Signature]</i>	11-24-2014
Project Manager:		
Supervisor:		
Section Manager:		
Division Manager:	<i>[Signature]</i>	11.25.14

**City Attorney** Signature or Initial Date  
 City Attorney (MC: 09300): *[Signature]* 11/26/2014  
 Send Interoffice Mail  Notify for Pick Up

**Authorization** Signature or Initial Date  
 Department Director, Jerry Way  
 Concurrence Here and Sign inside: \_\_\_\_\_  
 City Manager (MC 09200): \_\_\_\_\_  
 Yes  No   
 City Clerk (MC: 09400): \_\_\_\_\_

**For City Clerk Processing**

**Finalized:**  
 Initial: \_\_\_\_\_  
 Date: \_\_\_\_\_

**Imaged:**  
 Initial: \_\_\_\_\_  
 Date: \_\_\_\_\_

**Received:**  
 (City Clerk Stamp Here)

**AMENDMENT #1 TO CITY AGREEMENT # 2009-1059 FOR TWO (2)  
ADDITIONAL FIVE (5) YEAR OPTIONS TO EXTEND**

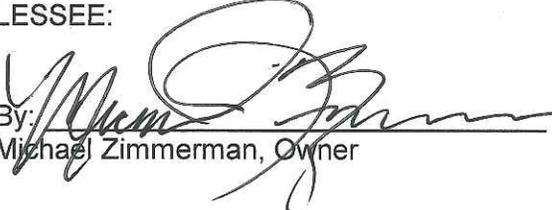
**BACKGROUND**

- A. The City of Sacramento, ("Lessor") and Michael J. and Annetta M. Zimmerman, ("Lessee"), previously entered into a Lease Agreement ("Lease") entitled LEASE, CITY HALL GARAGE 917 10<sup>TH</sup> STREET, and filed as City Agreement Number 2009-1059.
- B. The lease was executed with an initial term of sixty (60) calendar months with two (2) additional five (5) year options to extend following the expiration of the initial lease on December 31, 2014.
- C. Lessee gave sufficient notice per the agreement to exercise the first Extended Term commencing on January 1, 2015.
- D. Lessee requests to amend the lease agreement to include two (2) additional five (5) year options to extend.
- E. Lessor agreed to amend the lease agreement with the additional two (2) options to extend.

BASED ON THIS BACKGROUND, THE PARTIES AGREE AS FOLLOWS:

1. Section 3 of the Lease Agreement 2009-1059 is amended to include two (2) additional five (5) year terms.
2. All other terms and conditions shall remain in full force and effect.

LESSEE:

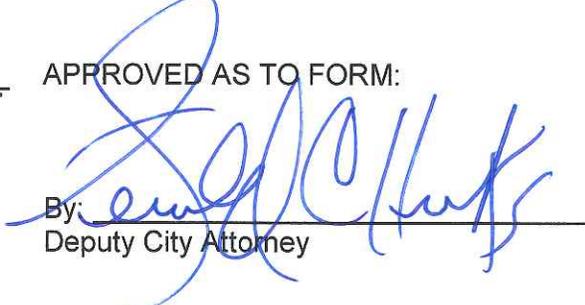
By:   
Michael Zimmerman, Owner

By:   
Annetta Zimmerman, Owner

LESSOR:

By: \_\_\_\_\_  
Jerry Way, Director  
Department of Public Works

APPROVED AS TO FORM:

  
By: \_\_\_\_\_  
Deputy City Attorney

ATTEST:

By: \_\_\_\_\_  
City Clerk