

REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2604
www.CityofSacramento.org



Consent
December 12, 2006

Honorable Mayor and
Members of the City Council

Title: Agreement: Lease Retail Space at Capitol Garage to Teresa O'Reilly, dba Goodie Tutchews, and Janet Elliott, dba Downtown Mail & Shipping

Location/Council District: 1015 L Street/District 1

Recommendation: Adopt a **Resolution** authorizing the City Manager to execute ten-year lease agreements with two 5-year options with Teresa O'Reilly, dba Goodie Tutchews, and Janet Elliott, dba Downtown Mail & Shipping, at a market rate of \$1.90 per square foot with a 3% annual increase for retail space located at Capitol Garage

Contact: Howard Chan, Parking Services Manager, 808-7488

Presenters: None

Department: Transportation

Division: Parking Services

Organization No: 3466

Description/Analysis

Issue: Teresa O'Reilly and Janet Elliott are the owners of Goodie Tutchews and Downtown Mail & Shipping, respectively. These businesses are currently located in the 926 J Street building which is in the process of being developed into a boutique hotel. To accommodate requirements for the hotel project, Goodie Tutchews, a cookie bakery, and Downtown Mail & Shipping are being relocated to 1015 L Street in the City's Capitol Garage

Policy Considerations: This recommendation is consistent with the City's strategic plan and the goal of the City Council to expand economic development throughout the City.

Environmental Considerations: 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".

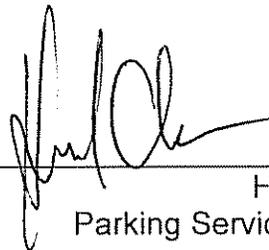
Rationale for Recommendation: Goodie Tuchews and Downtown Mail & Shipping have been successful tenants of the 926 J Street building for 25 years. Moving them to Capitol Garage will minimize the impact of their relocation and allow them to continue serving the downtown area.

Financial Considerations: Based on a market rent of \$1.90 per square foot, rent for Goodie Tuchews will start at \$760 and \$1,425 for Downtown Mail & Shipping. Monthly rent for both tenants will increase 3% annually. Total rent collected from both tenants will be \$300,582 for the initial ten year term, then \$187,080 for the first 5-year option and \$216,877 for the second 5-year option.

All tenant improvement construction will be paid by the Sacramento Housing and Redevelopment Agency (SHRA) and Rubicon Partners. The City will pay the Vollman Company a brokerage fee of \$13,193. The fee will be paid from the City's Retail Space Improvement capital project (VD91), complying with its objective of attracting quality tenants to City retail space.

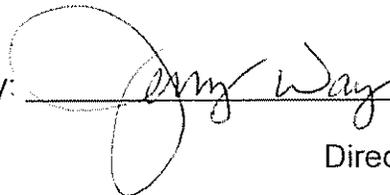
Emerging Small Business Development (ESBD): N/A

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

AGREEMENT TO LEASE RETAIL SPACE AT CAPITOL GARAGE TO TERESA O'REILLY, DBA GOODIE TUCHEWS, AND JANET ELLIOTT, DBA DOWNTOWN MAIL & SHIPPING

BACKGROUND

- A. Teresa O'Reilly is the owner of Goodie TucheWS, a cookie bakery, and Janet Elliott is the owner of Downtown Mail & Shipping which provides mail and shipping services. Both businesses have been located in the 926 J Street building for 25 years.
- B. Rubicon Partners and Joie de Vivre Hospitality are converting the 926 Street building to a boutique hotel. The project was approved and construction commenced earlier the fall.
- C. To accommodate the hotel project, Goodie TucheWS and Downtown Mail & Shipping are being relocated to 1015 L Street in the City's Capitol Garage. The site at 1015 L Street is 1,150 square feet and will be split to fit the new tenants requirements.
- D. Ms. O'Reilly and Ms. Elliott will sign separate lease agreements with the City. The term of each agreement will be for ten years with two 5-year options. Rent will start at a market rate of \$1.90 per square foot and increase 3% annually. Total rent collected from both tenants will be \$300,582 for the initial ten year term, \$187,080 for the first 5-year option and \$216,877 for the second 5-year option. Tenant improvement costs will be paid by the Sacramento Housing and Redevelopment Agency (SHRA) and Rubicon Partners.
- E. The City will pay the Vollman Company a brokerage fee of \$13,193. The fee will be paid from the City's Retail Space Improvement capital project (VD91), complying with its objective of attracting quality tenants to City retail space.

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

- Section 1. The City Manager is authorized to execute lease agreements with Teresa O'Reilly, dba Goodie TucheWS and Janet Elliott, dba Downtown Mail & Shipping.