

## **RESOLUTION NO. 2007-388**

Adopted by the Sacramento City Council

June 12, 2007

### **ESTABLISHING CAPITAL IMPROVEMENT PROJECTS FOR IMPROVEMENTS AND REPAIRS OF PUBLIC AREAS IN AND AROUND JOE'S CRABSHACK RESTAURANT (CF91) AND THE OLD SACRAMENTO HISTORIC DISTRICT (CF96)**

#### **BACKGROUND**

- A. On August 14, 2001, the City entered into Sublease City Agreement #2001-067 (Agreement) with Crab Addison, Inc., dba, Joe's Crabshack.
- B. Section 5.02 of Agreement 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.
- C. Section 3.03 of Agreement stipulates that the lessee shall pay the City 2.5% of annual gross sales in excess of \$3 million ("net percentage rent") during years 3-5 of the sublease.

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

- Section 1. Capital improvement projects for repair and improvements at Joe's Crabshack Restaurant (CF91) and the Old Sacramento Historic District (CF96) are established.
- Section 2. The net percentage rent received from Joe's Crabshack restaurant in September 2006 in the amount of \$103,139 is to be used for the Old Sacramento Lighting Project (KC96).
- Section 3. The annual payments of the net percentage rents from Joe's Crabshack are to be allocated to CF91 and CF96 for FY2006/07 and FY2007/08, and the corresponding revenue and expenditure budget established for these payments, as shown in Exhibit B.

#### Table of Contents:

- Exhibit A - Net Percentage Rent Schedule
- Exhibit B - Allocation of Net Percentage Rent Schedule

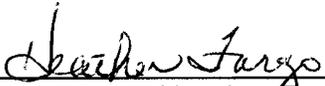
Adopted by the City of Sacramento City Council on June 12, 2007 by the following vote:

Ayes: Councilmembers, Cohn, Fong, Hammond, McCarty, Pannell, Sheedy,  
Tretheway, Waters and Mayor Fargo.

Noes: None.

Abstain: None.

Absent: None.

  
\_\_\_\_\_  
Mayor Heather Fargo

Attest:

  
\_\_\_\_\_  
Shirley Concolino, City Clerk

## Exhibit A

### NET PERCENTAGE RENT SCHEDULE\*

Joe's Crabshack Net Percentage Rent Schedule	
Sublease Years 1 – 2	No Net Percentage Rent shall be due
Sublease Years 3 – 5 (FY06-FY08) ***	2.5% of annual Gross Sales in excess of \$3mil
Sublease Years 6 – 10	2.5% of annual Gross Sales in excess of \$3.25mil
Sublease Years 11 -15	2.5% of annual Gross Sales in excess of \$3.50mil
Sublease Years 16 - 20	2.5% of annual Gross Sales in excess of \$3.75mil
Sublease Years 21- 25	2.5% of annual Gross Sales in excess of \$4mil
Sublease Years 26 through termination date (excluding option periods)	2.5% of annual Gross Sales in excess of \$4.25mil

\* Net Percentage Rent is defined as the rent that will be paid to the City based on a percentage of gross sales in excess of the amounts established above.

\*\*\* This report covers the period for the Sublease Years 3-5. Staff will come back with a report on recommended programming for future sublease years.

## Exhibit B

### NET PERCENTAGE RENT\* ALLOCATION

<b>FY05/06 Net Percentage Rent Received</b>	
Net Percentage Rent of \$103,139 to be applied to CIP# KC96 Old Sacramento Lighting Project (Revenue Budget to be established in Economic Development Operating Budget; Expenditure Budget to be established in CIP KC96)	
<b>FY2006/07 and FY2007/08 Net Percentage Rents</b>	
Net Percentage Rent (NPR) due to City (Revenue Budget to be established in Economic Development Operating Budget)	
<ul style="list-style-type: none"><li>• Deduction of 20% of the NPR for State Lands Fee (Expenditure Budget to be established in Economic Development Operating Budget)</li><li>• Balance of NPR allocated as follows:</li></ul>	
1/3 to CIP# CF91 (Expenditure Budget established in CIP)	
2/3 to CIP# CF96 (Expenditure Budget established in CIP)	

\*\* Net Percentage Rent defined in Exhibit A.