

Agenda Report

TO: CITY COUNCIL

DATE: May 23, 2005

FROM: CITY MANAGER

**SUBJECT: FIRST AMENDMENT TO SUBLEASE AGREEMENT NO. 13,671
BETWEEN THE CITY OF PASADENA AND DOWNTOWN
RAVISSANT AT 42 SOUTH FAIR OAKS AVENUE WITHIN THE
SCHOOLHOUSE BLOCK PARKING FACILITY**

RECOMMENDATION:

It is recommended that the City Council approve the terms and conditions of, and authorize the City Manager to execute, a First Amendment to Sublease Agreement No. 13,671 by and between the City of Pasadena, as Sublessor, and Downtown Ravissant, as Sublessee.

BACKGROUND:

On December 27, 1988, the City, and Downtown Ravissant entered into Sublease Agreement No. 13,671 for the lease of approximately 1,800 net rentable square feet of commercial space for a retail hair salon and boutique use within the Schoolhouse Block Parking Facility ("Parking Facility"). In fulfillment of their sublease obligations, the sublessee raised the necessary capital to provide tenant improvements to the shell in the Parking Facility and completed the hair salon and boutique ("Downtown Ravissant") in August 1990. The lease term was for ten-years with options for two five year extensions. The sublessee recently exercised the option for the second of the five-year extensions.

The proposed First Amendment will effectuate an option for an additional five-year extension that could carry the sublease through December 2015. This will enhance the ability of the City's sublessee to meet major investor requirements to finance continued hair salon and boutique use of the premises.

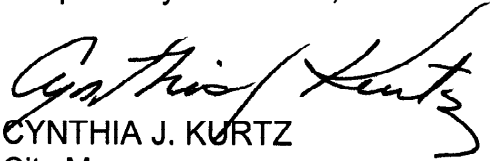
FISCAL IMPACT

The sublessee is currently paying \$4,430.38 per month plus utilities for the premises. The rent will be adjusted to the fair market rental rate at the beginning of each five-year extension period. The fair market rate is estimated based upon a rental survey of competing comparable properties. The rent is subject to

Downtown Ravissant

annual adjustments thereafter, based upon the consumer price index. The potential additional five years of contract rent as a result of amending the Sublease would result in a substantial increase in rental income to the City.

Respectfully Submitted,



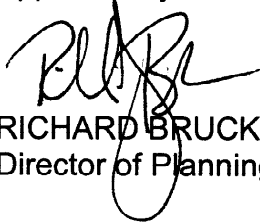
CYNTHIA J. KURTZ
City Manager

Prepared by:



MANUEL NEGRETE JR.
Real Property Manager

Approved by:



RICHARD BRUCKNER
Director of Planning and Development