

Agenda Report

TO: CITY COUNCIL

DATE: JUNE 27, 2005

FROM: CITY MANAGER

SUBJECT: FIRST AMENDMENT TO SUBLEASE AGREEMENT NO. 13,830, BETWEEN THE CITY OF PASADENA AND KATHLEEN AND NALENART UNGAMRUNG, AKA CITY THAI RESTAURANT 48 SOUTH FAIR OAKS AVENUE (OLD PASADENA SCHOOLHOUSE BLOCK PARKING STRUCTURE)

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. 13,830 by and between the City of Pasadena, as Sublessor, and Kathleen and Nalenart Ungamrung, as Sublessees providing two, additional five-year renewal options.

BACKGROUND

On June 13, 1989, the City and Kathleen and Nalenart Ungamrung, Sublessees, entered into Sublease Agreement No. 13,830 for the lease of commercial space within the Schoolhouse Block Parking Structure. The Sublessee has fulfilled all of its obligations under the Sublease and continues to operate the City Thai Restaurant in compliance with the provisions of the agreement.

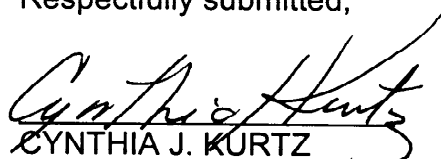
On March 2, 2005, the Sublessee exercised the final five-year "Option To Extend" contained in the Sublease. Subsequently, the Parties agreed upon the "Fair Market Rental Value" of the premises during the extension period under the procedure specified in the agreement.

The proposed First Amendment would effectuate two additional five-year Options to Extend the Sublease. All other provisions of the agreement, including periodic rental increases remain unchanged. These additional options would provide for a total remaining occupancy period of fifteen-years, allowing the Sublessee to arrange for capital to conduct necessary renovations to the premises.

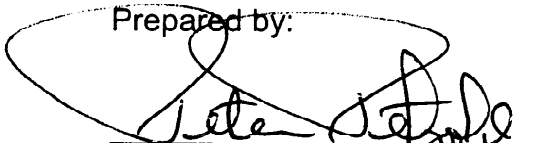
FISCAL IMPACT

Consistent with the current agreement, rent for the renewal period beginning September 8, 2005, will be \$5,475 per month, plus operating expenses. The Sublease provides for annual cost of living increases and adjustment to market rent level upon commencement of each successive renewal period. By providing the renewal options, some savings materialize by avoiding vacancy loss and/or real estate brokerage commissions at the end of the current lease term.


Respectfully submitted,


CYNTHIA J. KURTZ
City Manager

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Approved by:


Richard J. Bruckner, Director
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