

Agenda Report

DATE: AUGUST 14, 2006

TO: CITY COUNCIL

FROM: CYNTHIA J. KURTZ

SUBJECT: RESTATED AND AMENDED SUBLEASE TO AGREEMENT NO. 14,930 BETWEEN THE CITY OF PASADENA AND SU JA LEE, 36 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 Restated and Amended Sublease to Agreement No. 14,930, originally between the City of Pasadena, as Sublessor, and Su Ja Lee, as Sublessee.

BACKGROUND

On November 17, 1992, the City and Sublessee entered into Sublease Agreement No. 14,930 for the lease of commercial space within the Old Pasadena Schoolhouse Block Parking Structure.

On November 26, 1997, the First Amendment extended the original ten-year lease an additional ten-years, providing for it to expire on December 31, 2007. Subsequently, in December, 2003, with the City's approval, the lease was assigned to Woo-Young Kim and Chang Im Kim, husband and wife.

The Kim's, as Sublessees fulfilled all of their obligations under the lease and in July 2006, due to the failing health of one of the owner/operators, entered into escrow to convey their equity in the Kansai Restaurant, the business operated in the premises.

The Restated and Amended Sublease would effectuate two additional five-year options, which if exercised would extend the lease to December 31, 2017. While the lease would be updated and the terms clarified, essentially the basic provisions of the agreement, including periodic rental increases remain unchanged.

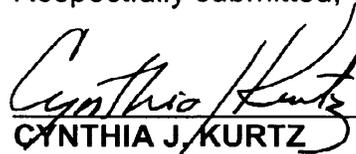
If exercised these additional options would provide a total remaining occupancy period of approximately 11-years, allowing the new Sublessee to arrange for capital; and to conduct necessary renovations to the premises.

FISCAL IMPACT

The current rent is \$3,197.56 per month. The present lease term expires on December 31, 2007, when rent will be adjusted to market level; as it would for the subsequent proposed five-year renewal periods.

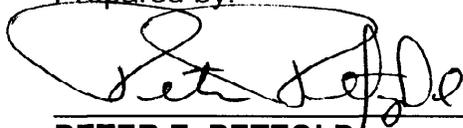
The Restated and Amended lease also provides for annual rent increases consistent with the cost of living index. In addition to rental income, some savings may materialize by avoiding vacancy loss and/or real estate brokerage commissions at the end of the current lease term.

Respectfully submitted,



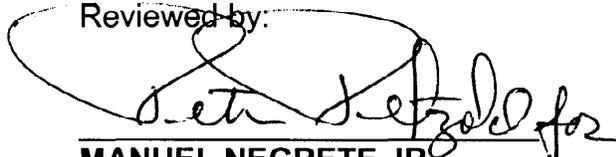
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