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CONVENTION, CULTURE AND
LEISURE DEPARTMENT

PARKING FACILITIES DIVISION

CITY OF SACRAMENTO
CALIFORNIA

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March 22, 2002

City Council
Sacramento, California

AG 2002-074

Honorable Members in Session

SUBJECT: Kip's Kabobs Lease Assignment

LOCATION AND COUNCIL DISTRICT: 10th and I Street, District 1

RECOMMENDATION:

It is recommended the City Council approve the attached resolution directing the City Manager to execute the attached Consent to Assignment of City Agreement No. 98-216 with Kip's Kabobs, LLC to Nisha Rao and Suresh Kumar.

CONTACT PERSON: Paul Sheridan, Administrative Analyst, 264-6817

FOR COUNCIL MEETING OF: May 7, 2002

SUMMARY:

This report recommends the City Council direct the City Manager to execute the attached Consent to Assignment of Kip's Kabobs lease agreement with the City of Sacramento, City Agreement No. 98-216, to Nisha Rao and Suresh Kumar. The terms of the original agreement will not change upon assignment. Nisha Rao and Suresh Kumar plan to operate a restaurant offering a buffet/grill menu.

COMMITTEE/COMMISSION ACTION:

N/A

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BACKGROUND INFORMATION:

- The owners of Kip's Kabobs, LLC are planning to sell their operations at 1000 I Street, Garage I. Under the terms of their lease with the City, Agreement No. 98-216, they have approximately 20 months rent remaining on the initial term. The Agreement allows them one 5-year extended term at their option.
- Per the Agreement, Kip's Kabobs has the right to assign their lease provided they obtain the City's consent, which will not be unreasonably withheld.
- Nisha Rao and Suresh Kumar would like to purchase Kip's Kabobs operations at 1000 I Street. They plan to operate a restaurant, Golden Grill, that will have a menu that includes a buffet grill, fresh baked breads and muffins, fruits, hot breakfast, soups, sandwiches, sodas, beer and wine, etc.
- Improvements that are planned include new display cases for food presentation, new tables and chairs, new light fixtures, and freshly painted walls. No structural improvements are planned.
- Nisha Rao, a postgraduate from Punjab University in India, will be the operational manager of the restaurant. Her husband Suresh, also a postgraduate from Punjab University, is a computer programmer for the State.
- The City review team has reviewed their operational and business plans and is confident they will run a successful restaurant that will be a great addition to the area.

FINANCIAL CONSIDERATIONS:

Per City Agreement No. 98-216, the lessee is required to pay \$2,884 per month (\$1.40/sqft.) for the remainder of the initial term. \$57,680 is the remaining value of the lease based on 20 months left for the initial term. There is an option for one, 5-year extended term. The City is requiring an increased deposit equivalent to two months rent (\$5,768).

The attached Consent to Assignment requires no financial obligation from the City. All costs related to the sale of Kip's Kabobs and the corresponding tenant improvements are the responsibility of the Assignor and the Assignee.

ENVIRONMENTAL CONSIDERATIONS:

None

City Council
Kip's Kabobs Lease Assignment
May 7, 2002

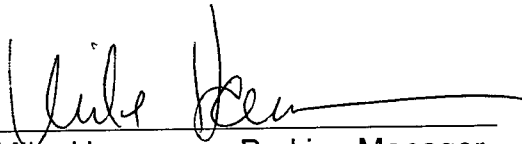
POLICY CONSIDERATIONS:

This Consent of Assignment of City Agreement No. 98-216 supports the City of Sacramento's Strategic Plan by promoting and supporting economic vitality.

ESBD CONSIDERATIONS:

None

Respectfully submitted,



Mike Hanamura, Parking Manager

APPROVED:



Barbara E. Bonebrake, Director
Convention, Culture and Leisure Dept.

RECOMMENDATION APPROVED:

Robert P. Thomas, City Manager



RESOLUTION NO. 2002-245

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

Consent to Assignment of City Agreement No. 98-216 from Kip's Kabobs to Nisha Rao and Suresh Kumar

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

- 1) The City Manager is hereby authorized and directed to execute the Consent of Assignment of the rights and obligations of Kip's Kabobs, LLC, lessees under the Agreement with the City of Sacramento, City Agreement No. 98-216, for the retail space at 1000 I Street, Garage I, to Nisha Rao and Suresh Kumar.

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

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