

P05-158 – St. Anton Building

- REQUEST:
- A. **Environmental Determination:** Exempt, per Section 15301;
 - B. **TENTATIVE MAP** to designate one parcel for condominium purposes on 0.6± acres in the Multi Family (R-5) zone;
 - C. **SPECIAL PERMIT** for 65 condominium units in the Multi Family (R-5) zone;
 - D. **SPECIAL PERMIT** to waive parking spaces for a restaurant use;
 - E. **SPECIAL PERMIT** to allow required parking spaces to be located offsite with valet services for a 113-seat restaurant in the Multi Family (R-5) zone.

LOCATION: 2110 L Street, 1801 I Street
APNs: 007-0151-023, 007-0011-027, & 007-0011-028
Central City Community Plan Area
Sacramento City Unified School District
Council District 3

APPLICANT:	St. Anton Building LP (Steve Eggert, Pete Geremia, and Pac. Housing) Rachel Green (916) 444-9887 1801 I Street, Sacramento, CA 95814
OWNER:	Same as Applicant
PLANS BY:	Graber Rasmussen Architects
APPLICATION FILED:	August 4, 2005
STAFF CONTACT:	Lindsey Alagozian, (916) 808-2659 Jeanne Corcoran, (916) 808-5317

SUMMARY: The applicant proposes to convert a 89,862 square foot mixed use development that is currently under construction from a 65-unit apartment complex with

5,670 square feet of ground floor commercial space into 65 condominiums and a 5,670 square foot restaurant at the southeast corner of 21st and L Streets. The project was originally reviewed and approved as an apartment complex with ground floor retail space. The applicant has selected a restaurant tenant for the retail space which requires more parking spaces than general retail. The applicant is requesting to locate the additional required parking spaces off-site with valet services and to designate the parcel for condominium purposes.

RECOMMENDATION: Staff recommends **approval of the project, subject to conditions.** This recommendation is based upon the proposal's consistency with the General Plan and Community Plan land use designations and policies, the Zoning Ordinance, the City's Smart Growth Principles, and the Central City Neighborhood Design Guidelines which supports high density housing, mixed-use projects with adequate parking to accommodate uses, and to provide amenities that contribute to a 18-24 hour city.

PROJECT INFORMATION:

General Plan Designation:	Community/Neighborhood Commercial & Offices
Central City Community Plan Designation:	General Commercial
Existing Land Use of Site:	Mixed Use – currently under construction
Existing Zoning of Site:	Multi Family (R-5)

Surrounding Land Use and Zoning:

North:	C-2; Commercial and Residential
South:	C-2; Commercial
East:	R-3A; Residential
West:	C-2; Commercial

Property Dimensions:	Irregular
Property Area:	26,098 s. f. (0.6 acres)
Square Footage of Building	89,862 s. f.
Square Footage of Restaurant:	5,670 s. f. (113± seats)
Square Footage of Residential:	84,192 s. f. (including parking)
Building Height:	54'5" to the plate line (62 feet for architectural element) 5 stories
Required Parking (residential):	68 parking spaces
Proposed Parking (residential):	68 parking spaces
Required Parking (restaurant):	28 parking spaces
Proposed Parking (restaurant):	Off-site with valet services
Exterior Building Materials:	Stucco and red brick
Roof Material:	Composition
Hours of Operation	
Restaurant:	11 AM to 12 Midnight

Topography: Flat
Street Improvements: Existing
Utilities: Existing

OTHER APPROVALS REQUIRED: The project requires staff level Design Review approval. The project was approved by DRPB on July 23, 2003 and is currently under construction. In addition to the entitlements requested, the applicant will also need to obtain the following permits or approvals, including, but not limited to:

<u>Permit</u>	<u>Agency</u>
Final Map	Development Engineering and Finance, Development Services Department (DSD)
Design Review	Staff Level Approval -minor modifications
Building Permit	Building Division, DSD
Public Improvements Plans	Development Engineering & Finance, DSD
Sign Permit	Building Division, DSD
Revocable Encroachment Permit	Planning, DSD

BACKGROUND INFORMATION: In 1989, an application was submitted for the development of a 25,000 square foot, four story office building on this site. The project was withdrawn by the applicant prior to action by the Planning Commission.

On April 25, 1991, the Planning Commission recommended approval of a rezone of 0.15± acres from Multi-Family (R-3A) to General Commercial (C-2) zone, approved special permits for a major project, 25% density bonus, residential in a commercial zone and increase in height from 35 feet to 70 feet, and variances to waive 20 of the required 94 parking spaces, reduce front, rear and street side setbacks and a lot line merger, merging four parcels into one totaling 0.6± acres for the development of a five story residential mixed use project. The project included 70 residential units and 4,570 square feet of retail space (P90-368). The surrounding property owners opposed the project due to scale of the building and the reduction in parking. The project was appealed and on June 11, 1991 the City Council denied the appeal and requested staff return with amended conditions. On June 25, 1991 the City Council approved the project.

On January 20, 2000, the Planning Commission recommended that the subject site be rezoned from General Commercial (C-2) to Multi Family (R-5) zone. In addition, multiple special permits were approved to exceed the maximum height limit, exceed the maximum lot coverage, reduce the required parking spaces for commercial uses, and to allow a retail use in the R-5 zone. Multiple variances were also approved allowing the project to be built with zero setbacks on all four sides thereby allowing the development of a 65 unit, five story apartment complex with approximately 2,529 square feet of retail space. On March 28, 2000 the City Council approved the rezone.

On March 21, 2002 the Zoning Administrator approved Special Permit and Variance Time Extensions for the previously approved project (Z02-009). No changes to the project were made at this time. On September 10, 2003, the Zoning Administrator approved entitlements allowing a larger commercial space at the ground floor, a waiver of three parking spaces, and an increase in the overall height of the parapet from 52 feet to approximately 54 feet and a height increase for the architectural element from 60 feet to 62 feet (Z03-206). On January 21, 2004 the Zoning Administrator approved a parcel merger allowing four parcels to be merged into one parcel (Z03-392).

STAFF EVALUATION: Staff has the following comments:

A. Policy Considerations

General Plan: The General Plan designates the site as Community/Neighborhood Commercial & Offices. This category is generally defined as including shopping centers, strip commercial, and small office projects that offer goods and services for the daily needs of adjacent residential areas. These uses may be located adjacent to residential areas without significant adverse impacts. (SGPU, Sec. 4-10) Staff finds that high density housing and a restaurant use are consistent with the General Plan designation.

Central City Community Plan: The Central City Community Plan designates the subject site as General Commercial. The proposed project is consistent with the following Central City Community Plan goals and policies:

- Provide the opportunity for developing viable and livable high density planned residential complexes of various scales within designated areas to meet present and future housing needs (pg 7);
- Provide the opportunity for mixture of housing with other uses in the same building or site at selected locations to capitalize on the advantages of close-in living (pg 7);
- Continue to provide cultural and entertainment activities in the Central City so as to increase usage of the Central Business District (pg. 8);
- Encourage the development of transitional land use areas with land use compatible with adjacent developments (pg. 8);
- Maintain and encourage quality public and private office developments in selected areas in the Central City (pg. 8);
- Provide adequate off-street parking to meet the needs of shoppers, visitors, and residents (pg. 9);

- Restrain the projected increase in parking spaces needed for long-term employee parking by promoting public transit improvements, carpool programs, employer sponsored bus passes and other alternatives to the single occupant car usage (pg. 10);
- Encourage new residential office and commercial development which is human in scale, sensitive to open space and aesthetic needs will minimize air and noise pollution (pg. 12);

The Central City Community Plan specifically encourages mixed-use projects in which both residential and commercial uses are integrated. A choice of housing types and more opportunities for people to reside within the Central City, are encouraged in the community plan. Specifically, the plan calls for land uses that encourage and stimulate active pedestrian interest including restaurants, entertainment, cultural uses, coffee houses, specialty retail, and office above retail. Supported uses are those that would provide a combination of users during the day and night in order to activate the area. The plan also supports shared parking arrangements (i.e., agreements for daytime use for offices and evening / weekend use for restaurants) and other arrangements such as diagonal on-street parking, valets, and shuttles. Staff finds that the proposed project meets the intent of the Community Plan designation with respect to the mix of uses, high density residential, and the parking arrangement.

Zoning Ordinance: The project site is located in the Multi Family (R-5) zone. The R-5 zone calls primarily for high density housing and allows some commercial uses with a Special Permit. The project will provide 65 residential units for a density of 108 units per net acre. A restaurant is also proposed at the ground floor. The residential uses are allowed by right in this zone, and a Special Permit for the commercial use was already granted for this project and later modified with additional square footage.(P99-056 and Z03-206)

Smart Growth Planning Principles: Sacramento City Council adopted a set of Smart Growth Principles in December 2001 in order to promote growth that is economically sound, environmentally friendly, and supportive of community livability. The Smart Growth Principles encourage:

- Create a range of housing opportunities and choices
- Mix land uses and support vibrant city centers by giving preference to the redevelopment of city centers and transit oriented development within existing transportation corridors with vertically or horizontally integrated mixed uses to create vibrant urban places;
- Promote distinctive, attractive communities with a strong sense of place;
- Foster walkable, close-knit neighborhoods.

The proposed project is designed to incorporate elements of the Smart Growth Principles listed above. The mixed use project locates high density housing within the central city, contributing to a 18-24 hour city.

B. Tentative Map

The Tentative Map entitlement will designate the single parcel totaling 0.6± net acres for condominium purposes. The parcel has adequate street frontage and access from the public alley to the south. City services are available to serve the proposed parcel and standard subdivision improvements, including curbs, gutters, sidewalks are existing adjacent to the project site.

On November 6, 2005 the Subdivision Review Committee (SRC), by a vote of three ayes, voted to recommend approval of the proposed Tentative Map subject to the conditions of approval in the attached Notice of Decision. Staff recommends that Planning Commission approve the Tentative Map for the proposed project, as the map is consistent with the General Plan, Central City Community Plan, the State Subdivision Map Act, and the City's Subdivision Ordinance.

C. Special Permit for Alternative Ownership Housing (Condominiums)

The applicant is proposing to designate a 65-unit complex (currently under construction) into a mixed use building consisting of 65 condominium units and 5,670 square feet of ground floor commercial space for a restaurant use. The special permit process for Alternative Ownership Housing includes review of setbacks, lot coverage, and the overall design of the project, the unit design, and any accessory structures or features. In approving a special permit, the Planning Commission has the authority to review and vary setback and lot coverage requirements. On January 20, 2000 the Planning Commission approved Special Permits and multiple Variances allowing the project to maintain 100% lot coverage and to provide zero setbacks on all four sides. To this date, the approvals are still valid for the proposed project.

The project site is located on the southeast corner of 21st and L Streets. Both 21st and L Streets are one-way streets and there is a public alley on the south side of the property. The project incorporates a 68 space parking garage with access to the garage from the alley at the rear of the site. The 68 parking spaces are required parking for the residential component of the project and will not be used for the proposed restaurant. For additional analysis on parking, please find the staff analysis in the subsequent section of this staff report.

Table 1 below provides detail information regarding unit types, square footage, and number of bedrooms and bathrooms.

Table 1.

Unit Type	Number of Condominiums	Number of Bathrooms	Square Footage
Studio	10	1	532
	3	1	608
One Bedroom	31	1	750
	3	1	879
Two Bedrooms	8	2	1138
	7	2	1139
	3	2	1292
TOTAL	65 units		

D. Off-site Parking with Valet Services

The applicant's proposal is to establish a 113-seat restaurant within the 5,670 square foot commercial space in the mixed use development. The restaurant space is divided between the ground floor and mezzanine level. According to the Zoning Ordinance, restaurant uses require 1 parking space for every 3 seats proposed in the restaurant. Retail uses require parking at a ratio of 1 parking space for every 400 gross square feet.

The project was originally reviewed as a commercial use in which the several parking waivers were granted. On January 20, 2000 the Planning Commission waived 7 parking spaces for the original retail space (2,529 square feet). On September 10, 2003 the Zoning Administrator waived an additional three parking spaces for the expanded retail use (3,529 square feet). The applicant is now proposing a 113-seat restaurant which requires 38 parking spaces. Staff has deducted the 10 parking spaces that were previously waived for this site from the number of required spaces, leaving a total of 28 parking spaces required for the proposed restaurant. The project provides 68 parking spaces for the residential component, but cannot accommodate additional parking on-site for the restaurant use. The applicant proposes to provide valet services for the 28 parking spaces off-site.

The applicant is proposing to utilize the existing parking lot located at 1801 I Street for valet services for the 28 required parking spaces for a period of nine years. The applicant has secured a valet service parking agreement (Attachment 4) to utilize this parking lot as a storage facility for the proposed restaurant for evening and weekend hours. The applicant has also agreed to allow self parking at the site and staff has included a condition of approval that requires ample signage for restaurant patrons indicating that self parking is available.

Staff has evaluated the parking lot at 1801 I Street and has determined that the parking lot is available for the restaurant to use during evening and weekend hours. Currently,

the site is an office use with a parking lot of 26 spaces. The applicant proposes to utilize attendant parking in order to accommodate the 28 parking spaces. While the lot is not within immediate proximity to the proposed restaurant site, it will serve well as valet service parking. Furthermore, the parking lot is empty during evening hours and weekends. The proposal will provide the necessary parking during peak dining hours for the restaurant and will use an existing underutilized parking facility. During the daytime hours, the applicant is requesting a waiver of the 28 parking spaces and has agreed to secure additional valet parking for the mid-day hours. Staff has included this as a condition of approval in the attached Notice of Decision.

Staff has conducted two parking surveys of available on-street parking (Attachments 5 and 6) during the mid-day hours. Blocks immediately surrounding the project site are metered with 2-hour meters. Staff noted the general availability of on-street parking within one block of the project site. Specifically, parking is available on Capitol and 22nd Street, as both L St and 21st Street are currently unavailable for on-street parking during the construction of the proposed project. Staff anticipates that parking within the vicinity of the project will be primarily short term and adequate on-street parking appears to be available in the area.

The City's Department of Transportation is currently conducting a Master Plan study of parking in the Central City area. The study began in January 2005 and is currently in progress with the goal of producing a comprehensive parking strategy by assessing current parking availability and future opportunities in metered spaces, on-street parking, garages and surface parking lots, potential joint use of private parking. The significance and policy implications of this information are currently being analyzed and will be presented to the City Council for policy direction. A map depicting the parking on-street occupancy at mid-day, Friday evening, and Friday night is attached to this staff report as Attachments 7-9 .

The map demonstrates that on-street parking at the intersection of 21st and L Street is generally available according to the following times:

- Mid-day (10-12 PM) – on street parking is 51% occupied
- Friday evening (7-9 PM) – on street parking 45% occupied
- Friday night (10-12 AM) – on street parking is 27% occupied

The figures above and the attached parking study maps demonstrate that approximately half of the on-street parking immediately adjacent to the subject site is available. Mid-day hours represent the highest demand for parking, however, only 51% is generally occupied. The above information and attached parking study maps suggest that on-street parking during both evening and daytime hours is generally underutilized in this area. The proposed project will generate additional demand for evening parking by locating restaurants to the site.

Staff supports the parking waiver for daytime hours and the off-site valet service parking arrangement for the following reasons: adequate on-street parking is generally available and underutilized during mid-day hours, the applicant has provided the necessary parking off-site parking during peak evening hours and weekends, and parking for the restaurant use is expected to be short term.

E. Building Design

The building is located on the southeast corner of 21st and L Streets and is currently under construction. On July 23, 2003 the Design Review and Preservation Board approved the design and determined that the project was consistent with the intent of the Central City Design Review Guidelines. The mixed-use development consists of plaster and brick exteriors, fabric awnings, vinyl windows, and a cultured stone wainscot. Clearly defined entries are provided and differentiation between the residential and commercial portions is established with building materials and architectural elements. The building sits on the property lines serving to create an urban edge and strong streetscape. Overall, the building will be five stories in height with an overall height of 62 feet for the architectural element. Auto access to the site is via the public alley to the south of the building.

Overall, the space occupied by the restaurant is a total of 5,670 square feet divided between the ground floor and mezzanine level. The Zoning Ordinance allows the commercial space to extend from the ground floor into the mezzanine level in the Multi Family (R-5) zone. The applicant proposes minor changes to the previously approved plans in order to accommodate the proposed restaurant use at the ground floor and mezzanine level. Three doors have been added to the north elevation (L Street) and one door has been relocated on the west elevation (21st Street). The proposed modifications have been integrated into the overall design of the building and are in keeping with the original design.

PROJECT REVIEW PROCESS:

A. Environmental Determination

The proposed project is exempt from environmental review pursuant to CEQA Guidelines (CEQA Sections 15301). Section 15301 allows for alterations to existing facilities involving negligible or no expansion beyond that existing at the time thereby rendering the current application to be categorically exempt from CEQA Guidelines. The project is consistent with the General Plan designation and all applicable General Plan policies as well as the site's zoning designation. The site is no more than 5 acres in size and surrounded by urban uses. The site has no value as habitat and would not result in any significant effects relating to traffic, noise, air quality, or water quality, and the site can be adequately served by all required utilities and public services.

B. Public/Neighborhood/Business Association Comments

Adjacent property owners, Midtown Business Association, Winn Park/Capitol Avenue Neighborhood Association, SOCA, NAG, and other neighborhood associations were informed of the project and noticed for this hearing. Written comments have been received from one neighborhood associations. The Winn Park/Capitol Avenue Neighborhood Association (November 2005) stated: "SHRA obligation, invest free bond issuance, affordable units for rent. The 21st and L parking structure lease is only for 6 months on a 10-year entitlement. Pappas has been rumored to be looking to sell the building with the parking lot. If the lot goes away where will the parking for the restaurant occur??"

Subsequent to receiving the above comments from the Winn Park/Capitol Avenue Neighborhood Association, staff and the applicant attended the regular meeting of the neighborhood association to discuss the concerns. The applicant explained that instead of using the parking structure at 1500 K Street, the applicant would instead propose the parking lot located at 18th and I during evening hours for restaurant parking. While members expressed concerns for overall parking deficiencies within the midtown area, there was general support for the St. Anton Building project and the proposed parking solution.

C. Summary of Agency Comments

The project has been reviewed by several City Departments and other agencies. The following summarizes the comments received:

1. Development Engineering and Finance- Submitted comments have been incorporated as conditions of approval and/or advisory notes.
2. Electrical Section – This project shall require street lighting. There is an existing street lighting system in this project area. Improvements of right-of-way may require modification to the existing system. Electrical equipment shall be protected and remain functional during construction.
3. Solid Waste Division – The recycling plan has been approved. The development will utilize 6 cubic yards of recycling capacity and 6 cubic yards of solid waste disposal capacity. All residents will be notified concerning the recycling program by St. Anton Management, Inc. The developer shall submit the following information to the Solid Waste Division: method of recovery, hauler information, disposal facility, diversion percentage, and weigh tickets documenting disposal and diversion.

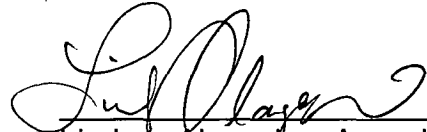
4. Utilities Department- Submitted comments have been incorporated as conditions of approval and/or advisory notes.
5. Building Division- Submitted comments have been incorporated as conditions of approval and/or advisory notes on the Special Permit
6. Sacramento Municipal Utility District (SMUD) – Submitted comments have been incorporated as conditions of approval and/or advisory notes.
7. Park Department – Submitted comments have been incorporated as conditions of approval.
8. Police Department – Submitted comments have been incorporated as advisory notes.
9. Regional Transit (RT) – The applicant shall provide transit information at the sales/rental office in a prominent location and join the Sacramento TMA. The above comments have been incorporated as conditions of approval on the Special Permit.

PROJECT APPROVAL PROCESS: Of the entitlements below, Planning Commission has the authority to approve or deny the (B) Tentative Map, and (C-E) Special Permits. The Planning Commission action may be appealed to the City Council. The appeal must occur within 10 days of the Planning Commission action.

RECOMMENDATION: Staff recommends the Planning Commission take the following actions:

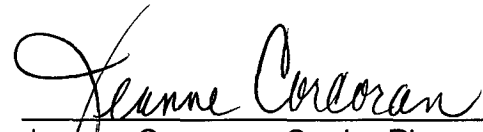
- A. Adopt the attached Notice of Decision and Findings of Fact, which finds that the project is Exempt pursuant to CEQA Sections 15301;
- B. Adopt the attached Notice of Decision and Findings of Fact approving the Tentative Map to designate one parcel for condominium purposes in the Multi Family (R-5) zone;
- C. Adopt the attached Notice of Decision and Findings of Fact approving the Special Permit for 65 condominium units in the Multi Family (R-5) zone;
- D. Adopt the attached Notice of Decision and Findings of Fact approving the Special Permit to waive parking spaces for a restaurant use;
- E. Adopt the attached Notice of Decision and Findings of Fact approving the Special Permit to allow required parking spaces to be located offsite with valet services for a 113-seat restaurant in the Multi Family (R-5) zone.

Report Prepared By,



Lindsey Alagozian, Associate Planner

Report Reviewed By,

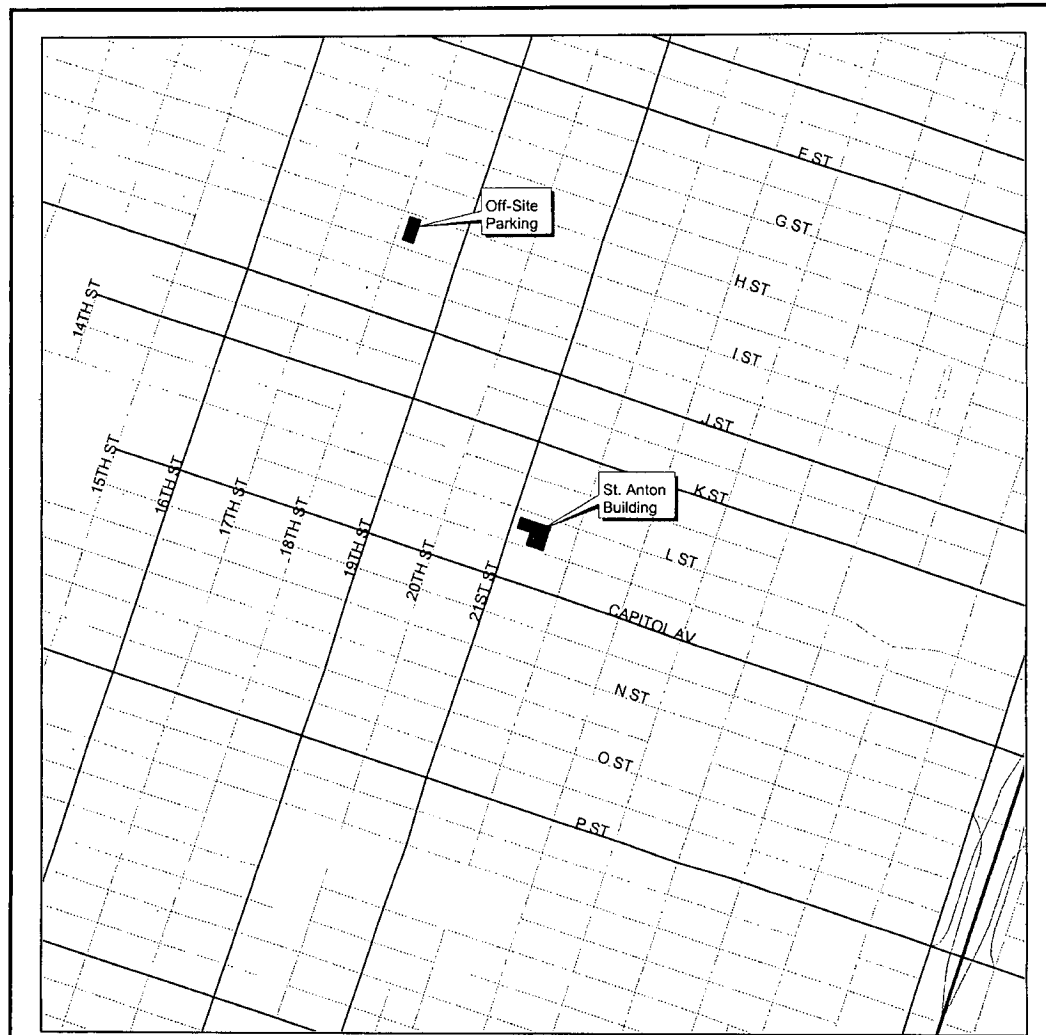


Jeanne Corcoran, Senior Planner

Attachments

Attachment 1	Notice of Decision & Findings of Fact
Exhibit 1A	Tentative Map Exhibit
Exhibit 1B	Ground Floor Plan – Restaurant only
Exhibit 1C	Mezzanine Floor Plan – Restaurant only
Exhibit 1D	Site Plan
Exhibit 1E	First Floor Plan
Exhibit 1F	Second Floor Plan
Exhibit 1G	Third Floor Plan
Exhibit 1H	Fourth Floor Plan
Exhibit 1I	Fifth Floor Plan
Attachment 2	Vicinity Map
Attachment 3	Land Use & Zoning Map
Attachment 4	1801 I Street Parking Lease Agreement
Attachments 5-6	Staff Parking Surveys

Attachment 2 Vicinity Map



0 600 1200 Feet



Development Services
Department

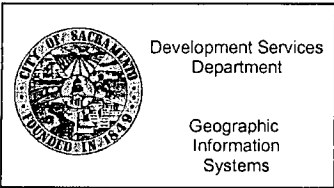
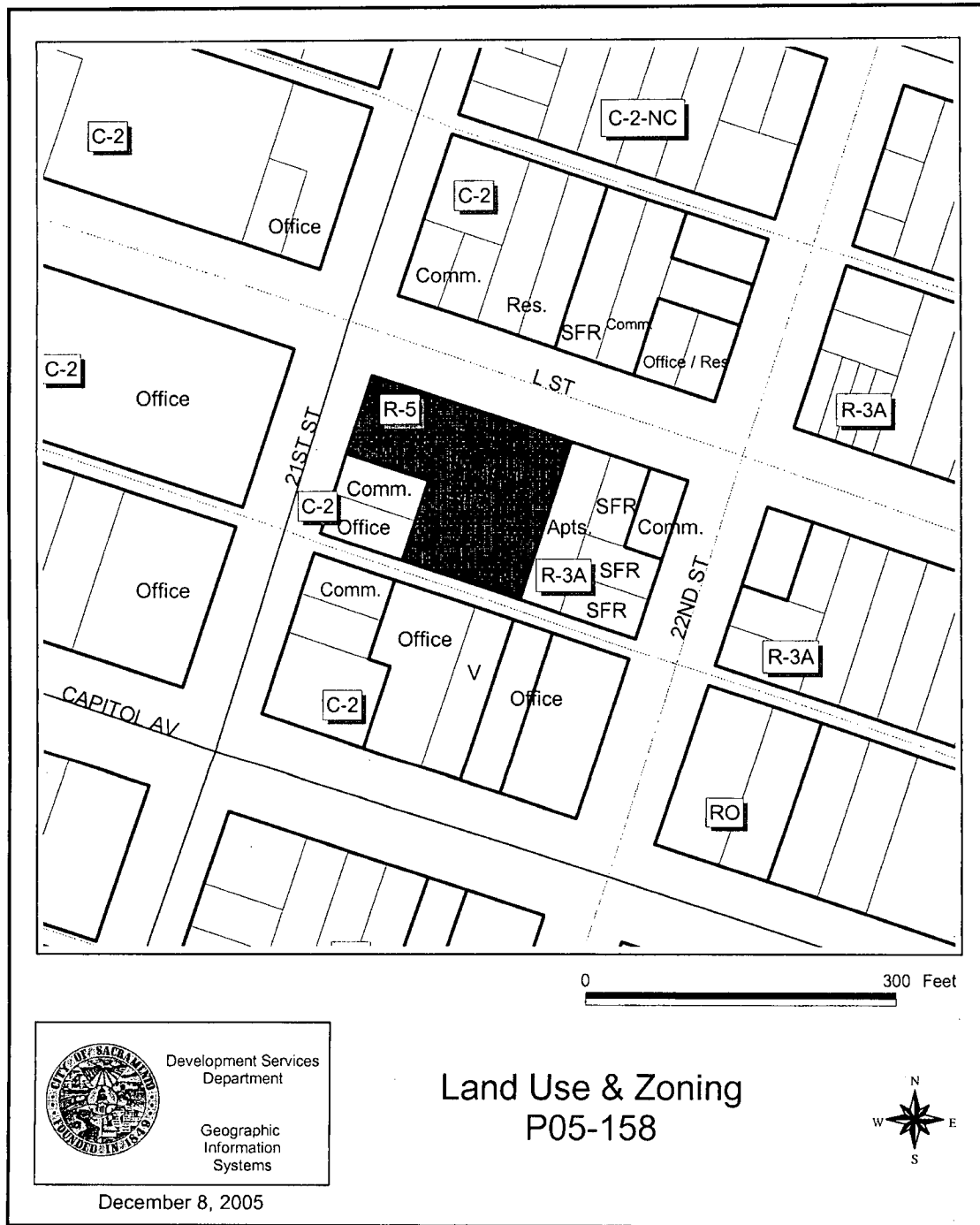
Geographic
Information
Systems

January 12, 2006

Vicinity Map
P05-158



Attachment 3 Land Use and Zoning Map



Development Services
Department

Geographic
Information
Systems

December 8, 2005

Land Use & Zoning
P05-158



Attachment 4 1801 I Street Parking Lease Agreement

Vehicle Storage Lease

THIS PARKING LEASE (the "Lease"), dated as of NOV 29, 2005, is made and entered into by and between St. Anton Building L.P., ("Lessee"), and Midtown Partners ("Lessor").

Recitals

Lessor is the owner of that certain parking lot located at 1801 I Street, Sacramento, California, according to the official map of the City of Sacramento, together with the right of ingress and egress to and from such structure (the "Parking Structure").

NOW, THEREFORE, Lessor and Lessee hereby agree as follows:

1. Premises; Lease of Premises. Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, 26 general parking spaces within the Parking Lot ("Parking Spaces") (the Parking Spaces are sometimes collectively referred to hereinafter as the "Premises"). Notwithstanding anything in this Lease to the contrary, Lessor reserves the right to use the Parking Spaces for parking purposes during all times that the Premises are not in use by Lessee, and in any event during hours other than "business hours". All revenue received by Lessor resulting from such use shall be the property of the Lessor. For purposes of this Lease, "business hours" shall be defined as 5:00 p.m. to 11:00 p.m. Monday through Friday and 8:00 a.m. to 11:00 p.m. Saturday through Sunday. Lessor's right to use the Parking Spaces during hours other than business hours shall be limited only to the extent any party entitled to use a Parking Space hereunder leaves its passenger vehicle in such Parking Space after 11:00 p.m. on Monday through Sunday. Such hours during legal holidays, as defined in Section 14 herein, shall be considered business hours. In addition Lessee shall have the right of ingress and egress to and from such structure for a passenger shuttle, hereby referred to as valet shuttle for the use of its employees' transportation to and from the valet sight and the premises.

2. Term. The term of this Lease ("Term") shall commence on May 1, 2006 and shall terminate on April 30, 2015 (the "Original Term"). Lessor grants to Lessee an option to extend the Original Term for one five year period (the "Option Period"), after the Original Term, on the same terms and conditions as this Lease. The option shall be exercised by written notice to the Lessor given at least 90 days prior to the end of the Original Term. Rent during the Option Period shall initially be determined pursuant to Section 4(d) below and adjusted thereafter in accordance with Section 4(b) below.

3. Use of Premises. The Premises shall be used by Lessee and by the other parties entitled to their use hereunder only for the valet parking of non-commercial passenger vehicles.

4. Payment of Rent. The amounts to be paid to Lessor pursuant to the subparagraphs below shall be the rent due from Lessee to Lessor under this Lease.

(a) The monthly rental rate (the "Rent") shall initially be 60 and No/100ths Dollars (\$60.00) per space. Lessee shall pay Rent in arrears of every month to AKT Development or its designated agent in accordance with Section 18 herein.

(b) The monthly Rent during the Term (including after the expiration of the initial year of the Option Period) shall be increased on the first day of the first full calendar month following the anniversary date of this Lease and on each anniversary of such date thereafter (except on the anniversary occurring at the commencement of the Option Period which shall be adjusted pursuant to Section 4(d) below) (each referred to as an "Adjustment Date") to an amount equal to the product obtained when the immediately preceding applicable Rent is multiplied by a fraction, the numerator of which is the "Comparison Index" (as hereinafter defined), and the denominator of which is the "Beginning Index" (as hereinafter defined). Notwithstanding anything to the contrary contained herein, in no event shall any increase in Rent on any Adjustment Date be less than the Rent in effect immediately prior to each applicable Adjustment Date. For purposes of this subsection (b), the following terms shall be defined as noted below:

(i) Index - The "Index" for computing increases shall be the Consumer Price Index for the San Francisco, Oakland and San Jose Metropolitan Area for All Urban Consumers (CPI-U), All Items (1982-84=100), published by the United States Department of Labor, Bureau of Labor Statistics. In the event that the Index shall ever be converted to a different standard reference base or otherwise be revised, a determination of subsequent increase to the Rent shall be made with the use of such conversion factor, formula or table for converting the Index as may be published by the Bureau of Labor Statistics. In the event the Index shall cease to be published, the index designated by the Bureau of Labor Statistics as replacing the Index, or the most comparable substitute if said Bureau fails to designate a replacement, shall be used thereafter.

(ii) Beginning Index - The "Beginning Index" shall be defined as the Index published for the calendar month which is four (4) months prior to the date of this Lease.

(iii) Comparison Index - The "Comparison Index" shall be defined as the Index published for the calendar month which is four (4) months prior to each Adjustment Date.

(c) The initial monthly Rent at the commencement of the Option Period shall be the "Fair Market Rent" for the Parking Spaces and shall be determined pursuant to the provisions of this Section 4(d). "Fair Market Rent" shall mean the rental rate being charged to non-affiliate users of parking spaces similar to the Parking Spaces in the downtown Sacramento area in direct lease, non-equity transactions as of the commencement of the Option Period, as reasonably determined by Lessor, taking into consideration the location, the proposed term of the Option Period, the extent of the

services to be provided, and any other relevant terms and conditions. In no event shall the Fair Market Rent, as determined by Landlord, exceed Five Dollars (\$5.00) per valet parked vehicle. Pursuant to the provisions of Section 4(b) above, the monthly Rent shall be adjusted on each Adjustment Date during the Option Period.

(e) If Lessee fails to pay any installment of Rent or any other obligation past 30 days when due, Lessee shall pay Lessor an administration fee equal to 2% of the past due Rent or other amount, and such unpaid amount shall accrue interest at the rate of ten percent (10%) per annum until paid.

5. Repairs and Maintenance. Lessor, at Lessor's sole cost, shall maintain the Premises in reasonably good condition and shall restripe the parking spaces comprising the Premises whenever reasonably required. Lessor, at Lessor's sole cost, shall maintain access gates, electronic access card readers and/or similar equipment serving the Premises in good operating order and condition.

6. Damage; Lessor's Duty to Repair. If at any time during the Term of this Lease, any part of the Parking Structure or the Premises shall be destroyed, in part, so as to materially adversely affect Lessee's use and enjoyment of the Parking Spaces, Lessor shall repair such damage with reasonable diligence and this Lease shall continue in full force and effect without abatement unless such damage prohibits Lessee from use of its allocation of Parking Spaces in which case Rent shall be abated in proportion to the number of Parking Spaces below twenty (28) that are not made available to Lessee. In the event that the Premises are totally destroyed by fire or other casualty, this Lease shall terminate.

7. Assignment and Subletting. This Lease shall not be assigned to any other person or entity nor shall any Parking Space or any portion thereof be sublet without the prior written consent of the Lessor, which consent shall not be unreasonably withheld. A consent to one assignment or sublet to any other person or entity shall not be deemed to be a consent to any subsequent assignment or sublet.

8. Default by Lessee. Failure of Lessee to pay Rent when due hereunder, or to perform any other obligation or duty to be performed by Lessee hereunder shall be deemed a default by Lessee under this Lease. Upon any default by Lessee, Lessor shall have all remedies available to Lessor in law or equity including, without limitation, the right to immediately terminate this Lease and recover possession of the Premises.

9. Right to Estoppel Certificates. Each party, on or before the date which is fifteen (15) days after notice from the other party, shall execute and deliver to the other party, a certificate stating that this Lease is unmodified and in full force and effect, or in full force and effect as modified, and stating the modifications. Such certificate shall also state the amount of current Rent, the date to which Rent has been paid and the number of Parking Spaces in the Parking Structure then comprising the Premises. If a party fails to deliver a certificate within such fifteen (15) day period, it shall be deemed that there exists no default under this Lease.

10. Insurance:

(a) Lessee or an agent of Lessee shall maintain comprehensive general liability insurance against claims for personal injury, death, property damage, and fire, providing coverage of not less than \$1,000,000.00 for injuries of one person and not less than \$2,000,000.00 for injuries to more than one person, and not less than \$1,000,000.00 for property damage. The foregoing coverage shall be augmented by an excess coverage policy acceptable to Lessor in the amount of at least \$5,000,000.00 in coverage.

(b) Lessee shall indemnify, hold harmless and defend Lessor, its officers, employees, and agents from and against all claims, losses, liabilities or damages, including reasonable attorney fees, arising out of or resulting from (i) any damage to the Parking Structure caused by Lessee or anyone using any Parking Space under Lessee, or (ii) the performance of this Lease, or (iii) any negligent act or omission of Lessee or anyone directly or indirectly employed by Lessee or anyone using any Parking Space under Lessee, whether or not it is caused in part by a party indemnified hereunder. Lessor shall indemnify, hold harmless and defend Lessee, its officers, employees, elected representatives and agents from and against all claims, losses, liabilities or damages, including reasonable attorney fees, arising out of or resulting from the performance of this agreement, caused in whole or in part by a negligent act or omission of Lessor or anyone directly or indirectly employed by Lessor, whether or not it is caused in part by a party indemnified hereunder.

11. Subordination.

(a) Subordination of this Lease. This Lease shall be subject and subordinated at all times to: (a) all ground or underlying leases which may hereafter be executed affecting the Parking Structure, and (b) the lien of all mortgages and deeds of trust in any amount or amounts whatsoever hereafter placed on or against the Parking Structure, on or against Lessor's interest or estate therein, and on or against all such ground or underlying leases. Notwithstanding the foregoing sentence, any such subordination of this Lease is conditioned upon the execution by any such ground Lessor, mortgagee or beneficiary of a commercially reasonable agreement with Lessee whereby in the event of a termination of any such ground or underlying lease or, with respect to any mortgage or deed of trust, in the event of a foreclosure of such mortgage or deed of trust or of any other action or proceeding for the enforcement thereof, or of any sale thereunder, this Lease shall not be barred, terminated, cut off or foreclosed, nor shall the right of Lessee to use the Premises be disturbed if Lessee shall not then be in default hereunder beyond the applicable grace period, if any. Lessee agrees that any such agreement may also provide for the subordination of this Lease as provided in the first sentence of this paragraph and for the attornment by Lessee to the Lessor of any such ground or underlying lease or to the purchaser at any such foreclosure sale or other action or proceeding, as appropriate. In addition, Lessee shall, upon the request of any such landlord or purchaser, enter into a new lease for the balance of the original or extended term then remaining, upon the same terms and provisions as are contained in this Lease.

Lessee agrees to execute and deliver upon demand such further instruments evidencing such subordination of this Lease to such deed, to such ground or underlying leases, and to the lien of any such mortgages or deeds of trust as may reasonably be required by Landlord. Lessee shall from time to time on request from Landlord execute and deliver any documents or instruments that may be required by any lender to effectuate such subordination.

(b) Subordination of Deed of Trust. Notwithstanding anything to the contrary set forth above, any beneficiary under any deed of trust may at any time subordinate its deed of trust to this Lease in whole or in part, without any need to obtain Lessee's consent, by execution of a written document subordinating such deed of trust to the Lease to the extent set forth in such document and thereupon the Lease shall be deemed prior to such deed of trust to the extent set forth in such document without regard to their respective dates of execution, delivery and/or recording. In that event, to the extent set forth in such document, such deed of trust shall have the same rights with respect to this Lease as would have existed if this Lease had been executed, and a memorandum thereof recorded, prior to the execution, delivery and recording of the deed of trust.

12. Liens and Encumbrances. Lessee shall not permit any mechanic's or other liens or encumbrances to be placed upon the Parking Structure, any Parking Space or the Premises or Lessee's leasehold interest. If a lien or encumbrance is so placed or any interest in the Parking Structure or the Premises is hypothecated, Lessee shall immediately discharge the lien or encumbrance by settling the claim which resulted in the lien or by bonding or insuring over the lien in the manner prescribed by the applicable lien laws. If Lessee fails to discharge the lien or encumbrance, then, in addition to any other right or remedy of Lessor, Lessor may bond or insure over the lien or encumbrance or otherwise discharge such lien or encumbrance. Lessee shall reimburse Lessor for any amount paid by Lessor to bond or insure or otherwise discharge the lien or encumbrance including, without limitation, reasonable attorneys' fees within thirty (30) days after receipt of an invoice from Lessor.

13. Limitation of Liability. Notwithstanding anything to the contrary contained in this Lease, the liability of Lessor (and of any successor lessor) to Lessee shall be limited to the interest of Lessor in the Parking Structure. Lessee shall look solely to Lessor's interest in the Parking Structure for the recovery of any judgment or award against Lessor; neither Lessor nor any Lessor affiliate shall be personally liable for any judgment or deficiency. Before filing suit for an alleged default by Lessor, Lessee shall give Lessor, and any mortgagee or beneficiary contemplated by Section 11 (whom Lessee has been notified) holding mortgages or deeds of trust on the Parking Structure, notice and reasonable time to cure the alleged default.

14. Condemnation. Lessor, but not Lessee, may terminate this Lease if the whole or any material part of the Parking Structure shall be taken or condemned for any public or quasi-public use, by eminent domain or private purchase in lieu thereof (a "Taking"). Lessor shall also have the right to terminate this Lease if there is a Taking of

any portion of the Parking Structure which would leave the remainder of the Parking Structure unsuitable for its present use. If this Lease is not terminated by Lessor upon a Taking, there shall be no adjustment in the Rent and Lessee shall remain liable for all obligations contained in this Lease. All compensation awarded for a Taking, or sale proceeds, shall be the property of Lessor, any right to receive compensation or proceeds being expressly waived by Lessee. Lessee hereby waives any and all rights it might otherwise have pursuant to Section 1265.130 of the California Code of Civil Procedure, or any similar or successor laws.

15. Holding Over. If Lessee fails to surrender the Premises and each of the Parking Spaces at the expiration or earlier termination of this Lease, occupancy of the Premises or any Parking Space after the termination or expiration shall be that of a tenancy at sufferance. Lessee's occupancy of the Premises during the holdover shall be subject to all the terms and provisions of this Lease except that Lessee shall pay an amount (on a per month basis without reduction for partial months during the holdover) equal to 150% of the Rent in effect at the expiration of the Term. No holdover by Lessee or payment by Lessee after the expiration or early termination of this Lease shall be construed to extend the Term or prevent Lessor from immediate recovery of possession of the Premises by summary proceedings or otherwise. In addition to the payment of the amounts provided above, if Lessor is unable to deliver possession of the Premises or any Parking Space to a new tenant, as a result of Lessee's holdover and Lessee fails to vacate the Premises or Parking Space within fifteen (15) days after Lessor notifies Lessee of Lessor's inability to deliver possession, or perform improvements, Lessee shall be liable to Lessor for all damages, including, without limitation, consequential damages, that Lessor suffers from the holdover.

16. Early Termination. This agreement may be terminated upon a thirty day written notice executed by the Lessee should the Lessee contact for premises more appropriate to the use or of higher quality.

17. Hazardous Materials. No flammable, explosive or dangerous fluids or substances shall be used or kept by Lessee in the Premises, or about any portion of the Parking Structure. Lessee shall not, without Lessor's prior written consent, use, store, install, spill, remove, release or dispose of, within or about the Premises or any other portion of the Parking Structure, any asbestos-containing materials or any solid, liquid or gaseous material now or subsequently considered toxic or hazardous under the provisions of 42 U.S.C. Section 9601 et seq. or any other applicable environmental law which may now or later be in effect. Lessee shall comply with all laws pertaining to and governing the use of these materials by Lessee, and shall remain solely liable for the costs of abatement and removal.

18. No Obligation to Furnish Security. Lessor shall have no obligation to furnish security services to the Parking Structure. Lessee shall nevertheless have sole responsibility for the protection of itself, Lessee's employees and all property of Lessee and Lessee's employees located in, on or about the Parking Structure.

19. Notices. Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other party or any other person hereunder shall be in writing and either served personally or by prepaid registered or certified mail. Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other party shall be addressed to the other party at the address set forth below. Such notice shall become effective forty-eight (48) hours after the time of mailing, if mailed as provided herein. Notices given by personal service shall be effective when delivered. Each party shall have the right to designate a different address by notice given in a conformance herewith.

If to Lessor:
Midtown Partners
1801 I Street, Suite 202
Sacramento, CA 95814
attn: property management

If to Lessee:
St. Anton Building L.P.
2110 L Street
Sacramento, CA 95814
attn: Steven L. Eggert

20. Interpretation and Definitions. The language in all parts of this Lease shall in all cases be simply construed according to its fair meaning and not strictly for or against Lessor or Lessee. Unless otherwise provided in this Lease, or unless the context otherwise requires, the following definitions and rules of construction shall apply to this Lease:

(a) Number and Gender. Any gender used herein shall be deemed to refer to any other gender more grammatically applicable to the party to whom such use of gender relates. The use of the singular herein shall be deemed to include the plural and, conversely, the plural shall be deemed to include the singular.

(b) Mandatory and Permissive. "Shall," "will," and "agrees" are mandatory; "may" is permissive.

(c) Captions. Captions of the articles, sections, and paragraphs of this Lease are for convenience and reference only, and the terms contained therein shall in no way be held to explain, modify, amplify, or aid in the interpretation, construction, or meaning of the provisions of this Lease.

(d) Parties. "Parties" shall mean Lessor and Lessee.

21. Miscellaneous Provisions.

(a) Time of Essence: Computation. Time is of the essence in each and every provision of this Lease. The time in which an act provided in this Lease to be done is computed by excluding the first day and including the last day unless the last day is a Saturday, Sunday, or holiday, and then it is also excluded. The term "holiday", in accordance with Lessee's holiday schedule, shall mean the following: January 1st, the third Monday in January ("Dr. Martin Luther King, Jr. Day"), the third Monday in

February, the last Monday in March ("Cesar Chavez Day"), the last Monday in May, July 4th, the first Monday in September, November 11th ("Veterans Day"), the Thursday in November appointed as "Thanksgiving Day", the Friday following "Thanksgiving Day", December 24th from noon to 5:00 pm, December 25th and December 31st from noon to 5:00 pm.

(b) Unavoidable Delay Force Majeure. If either party shall be delayed or prevented from the performance of any act required by this Lease by reason of acts of God, strikes, lockouts, labor troubles, inability to procure materials, or governmental laws, without fault and beyond the reasonable control of the party obligated (financial inability excepted), performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay; provided, however, that nothing herein shall excuse Lessee from the prompt payment of Rent and other charges required to be paid by Lessee hereunder.

(c) Successors in Interest. Subject to the prohibitions against assignment contained in this Lease, each and all of the covenants, conditions and restrictions in this Lease shall inure to the benefit of and shall be binding upon the successors in interest of Lessor and Lessee.

(d) Entire Agreement. This Lease contains the entire agreement between the parties in respect to the matters herein set forth, supersedes all prior agreements between the parties with respect hereto and may not be modified, amended or terminated except by a written agreement signed by both parties hereto.

(e) Partial Invalidity. If any term, covenant, condition, or provision of this Lease is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired, or invalidated.

(f) Relationship of Parties. Nothing contained in this Lease shall be deemed or construed by the parties or by any third party to create the relationship of principal and agent or of partnership or of joint venture or of any association between Lessor and Lessee other than as lessor and lessee, and neither the method of computation of rent nor any other provisions contained in this Lease nor any acts of the parties shall be deemed to create any relationship between Lessor and Lessee, other than as lessor and lessee.

(g) Counterparts. This Lease may be executed by the parties in several counterparts, each of which shall be deemed to be an original.

(h) Attorneys' Fees. If either party commences an action against the other party arising out of or in connection with this Lease, the prevailing party shall be entitled to recover from the losing party reasonable attorneys' fees, whether for inside counsel, outside counsel or the City Attorney, and costs of suit.

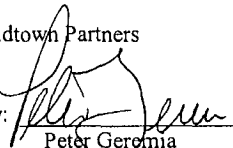
(i) Governing Law. This Lease shall be governed by and construed in accordance with the laws of California.

22. Authority. Each individual executing this Lease on behalf of any entity represents and warrants that he or she has been duly authorized to do so by the entity on whose behalf he or she executes this Lease and that said entity will thereby be obligated to perform the terms of this Lease.

IN WITNESS WHEREOF, Lessor and Lessee have executed this Lease as of the date first above written.

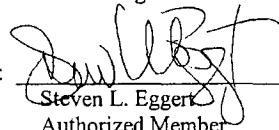
LESSOR:

Midtown Partners

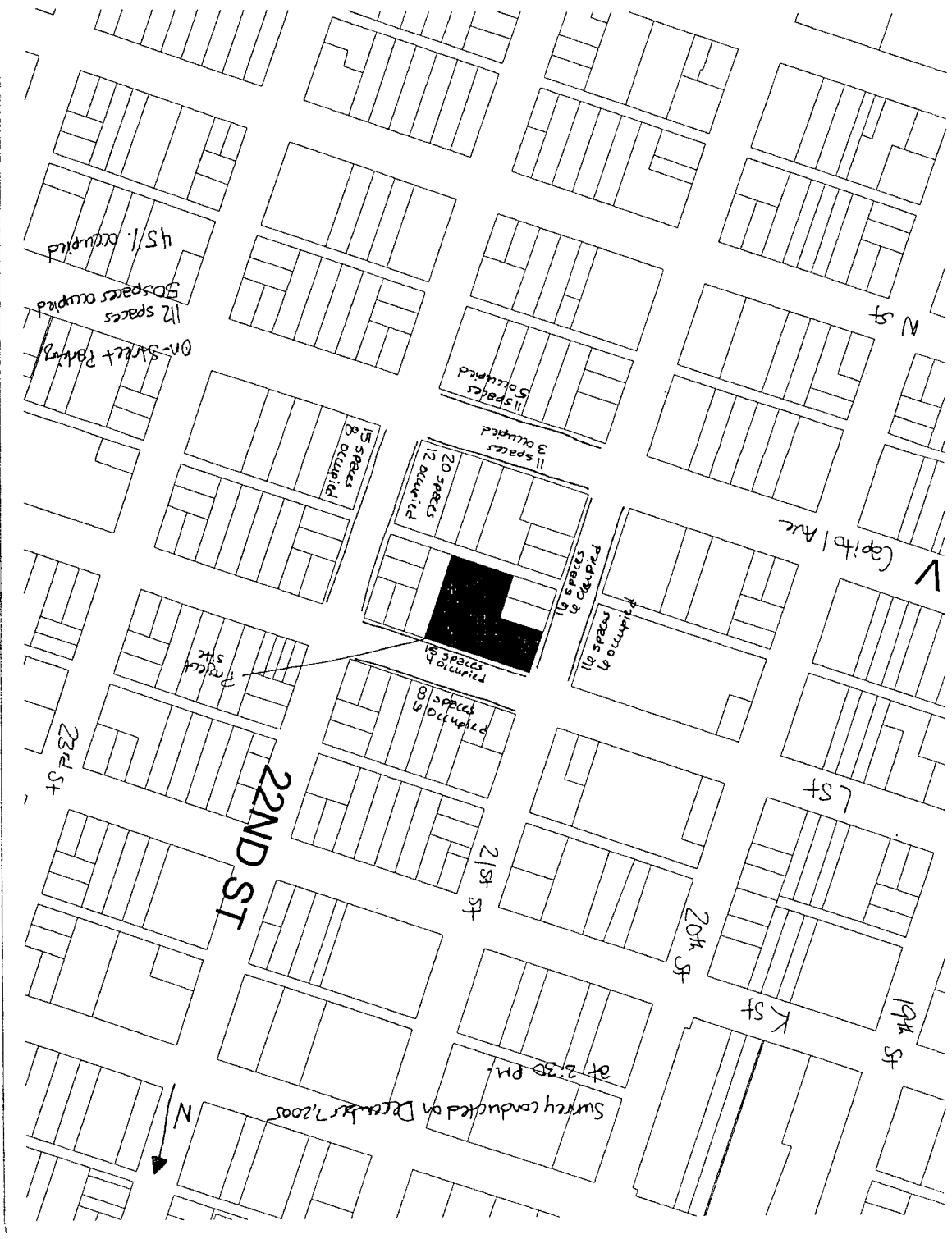
By: 
Peter Geremia
Authorized Member

LESSEE:

St. Anton Building L.P.

By: 
Steven L. Eggert
Authorized Member

Attachment 5 Staff Parking Survey

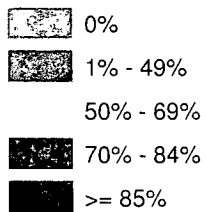


Attachment 7 Central City Parking Map

Attachemnt 8 Central City Parking Plan Map

**ON-STREET
FRIDAY
MORNING (2am-5am)
OCCUPANCY
BY BLOCK**

On-Street Occupancy



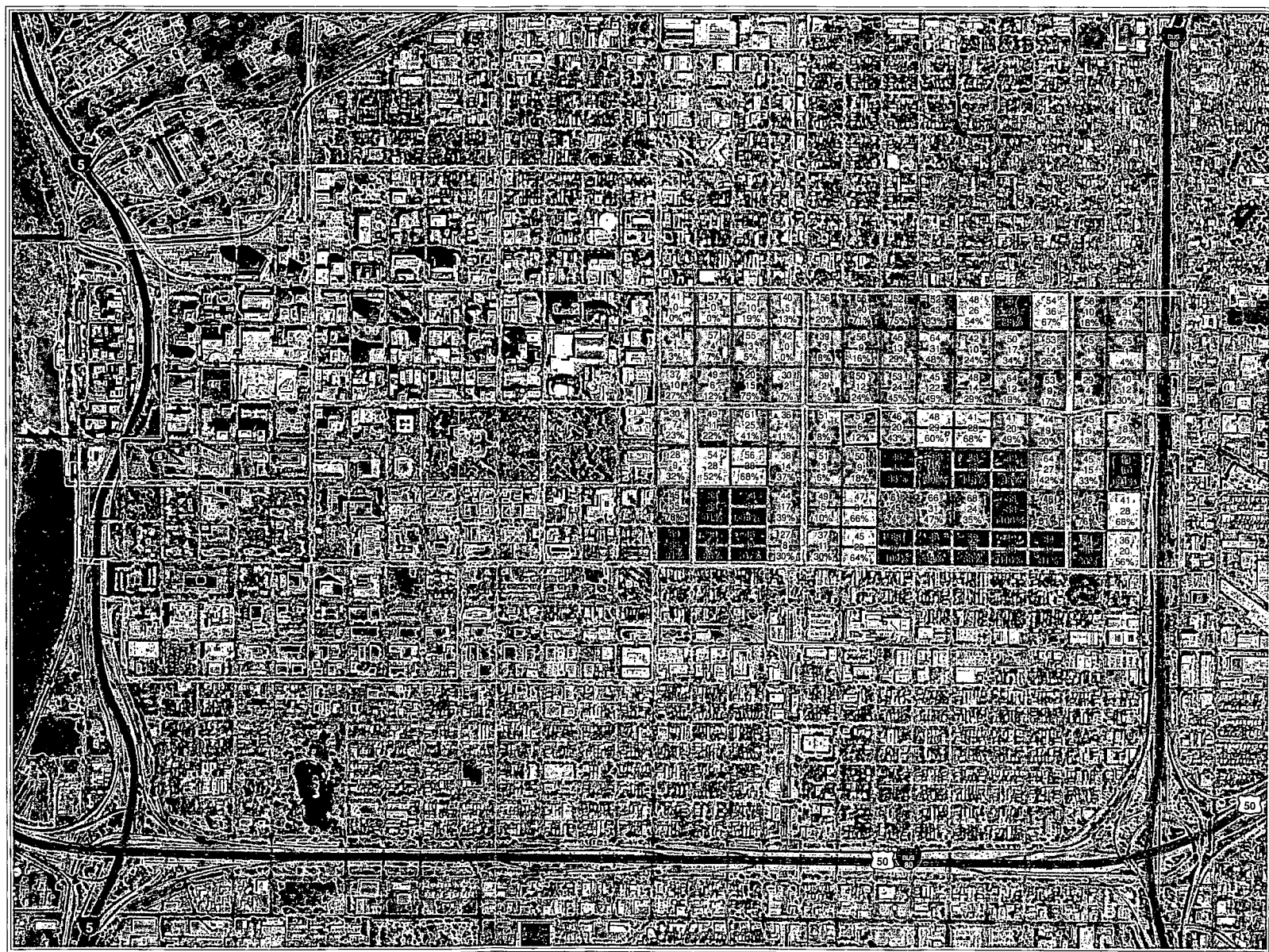
LABELS:
INVENTORY
OCCUPIED
% OCCUPIED



0 0.125 0.25 0.5 Mile

DKS Associates

C St
D St
E St
F St
G St
H St
I St ←
J St →
K St
L St ←
Capitol
N St →
O St
P St ←
Q St →
R St
S St
T St
U St
V St
W St ←
X St →
Broadway



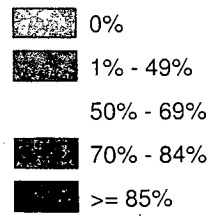
Front
2nd St
3rd St
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21st St
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6th St
7th St
8th St
9th St
10th St
Alhambra

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X

Attachment 9 Central City Parking Plan Map

**ON+OFF-STREET
MID-DAY (10am-2pm)
OCCUPANCY
BY BLOCK**

Total Occupancy

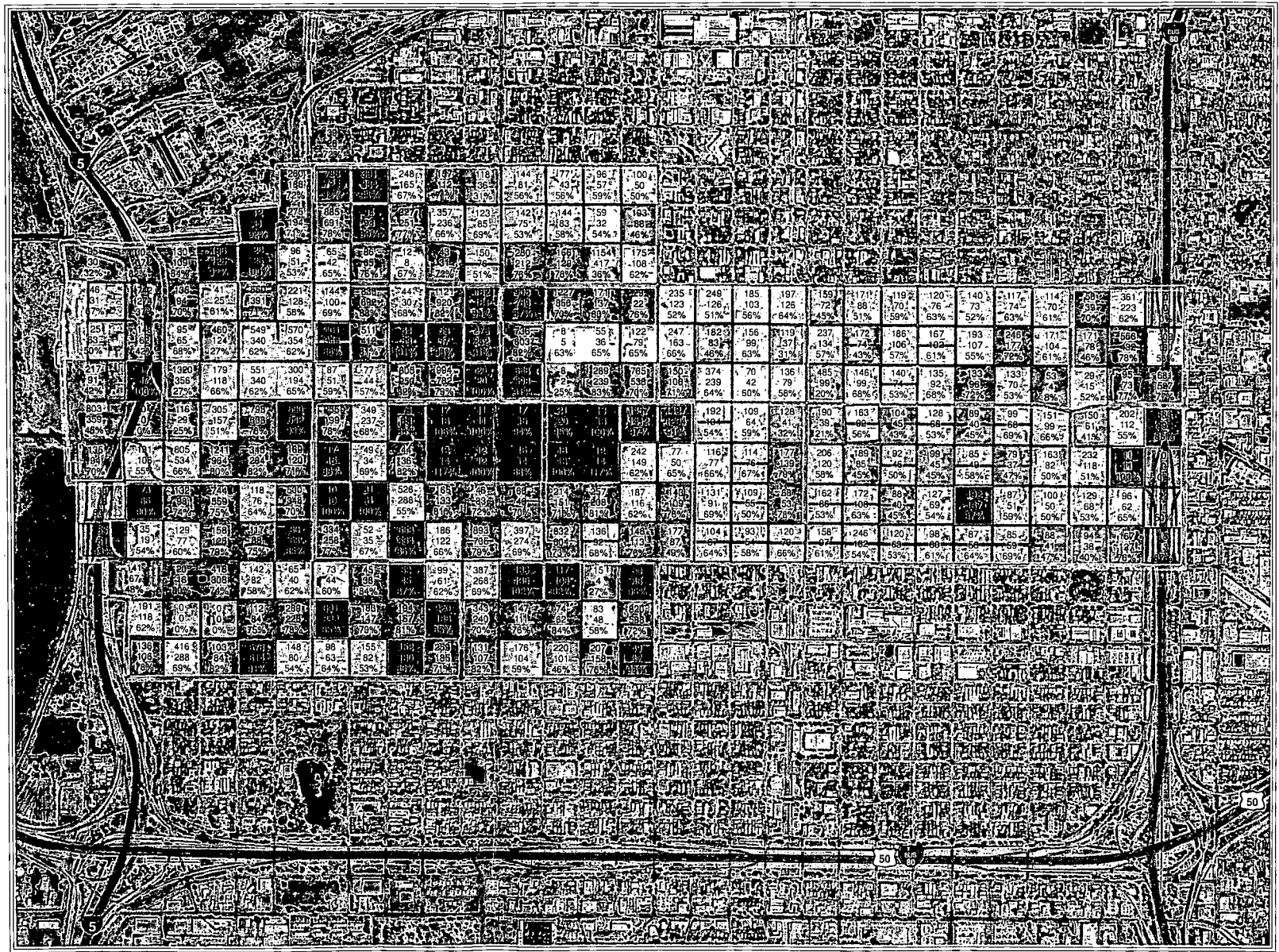


LABELS:
INVENTORY
OCCUPIED
% OCCUPIED



0 0.125 0.25 0.5
Mile
DKS Associates

C St
D St
E St
F St
G St
H St
I St ←
J St →
K St
L St ←
Capitol
N St →
O St
P St ←
Q St →
R St
S St
T St
U St
V St
W St ←
X St →
Broadway



Front
2nd St
3rd St
4th St
5th St
6th St
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29th St
30th St
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