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APPROVED
BY THE CITY COUNCIL

MAY 12 1987

OFFICE OF THE
CITY CLERK
AG-86206

DEPARTMENT OF PARKS
AND COMMUNITY SERVICES

CITY OF SACRAMENTO
CALIFORNIA

1231 I STREET
SUITE 400
SACRAMENTO, CA
95814-2977

ROBERT P. THOMAS
DIRECTOR

May 12, 1987

916-449-5200

G. ERLING LINGGI
ASSISTANT DIRECTOR

CITY MANAGER'S OFFICE

DIVISIONS:

City Council
Sacramento, California

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GOLF
METROPOLITAN ARTS
MUSEUM & HISTORY
PARKS
RECREATION
ZOO

Honorable Members in Session:

SUBJECT: Old Sacramento Riverfront Depot Building Lease

SUMMARY

This report provides information relating to leasing the California Steam Navigation Company (CSNC) Depot building on the Old Sacramento riverfront and requests authorization to execute a lease with Pony Express Bakery.

BUDGET AND FINANCE COMMITTEE ACTION

The attached report will be reviewed by the Budget and Finance Committee at their meeting of May 12, 1987. Results of that meeting will be presented orally to the City Council.

RECOMMENDATION

It is recommended that City Council, by resolution, authorize award of the lease for the Old Sacramento depot building to Mike and Theresa Lin, dba Pony Express Bakery.

Respectfully submitted,

ROBERT P. THOMAS, Director
Parks and Community Services

Recommendation Approved:

WALTER J. SLIPS
City Manager

RPT:ja

May 12, 1987
District No. 1

851:70

DISPATCH NO. 1
MAY 15, 1961

CIAA NUMBER
MAY 15, 1961

RECOMMENDATION ADDRESS:

STATE AND COMMUNITY RELATIONS
ROBERT B. MCKAY, DIRECTOR

MEMORANDUM TO THE DIRECTOR

EXHIBIT ENCL. 1
PLEASE FOR THE OIG SUPERVISOR REBOB RELATION TO STATE AND COMMUNITY RELATIONS THE BOVA
IS IS RECOMMENDED THAT CIAA COUNCIL, BY RESOLUTION, SUPERVISE STATE OF THE

RECOMMENDATION

CLERK TO THE CIAA COUNCIL
THEIR MEETING OF MAY 15, 1961. RESULTS OF THIS MEETING WILL BE FURNISHED
THE ATTACHED REPORT WILL BE FORWARDED BY THE BUREAU AND FINANCE COMMITTEE OF

DISPATCH AND FINANCE COMMITTEE ACTION

RECOMMENDATION TO ENFORCE A RULE THAT BOVA EXHIBIT ENCL. 1
QUALIFICATION COMMITTEE (CQIC) REBOB RELATION TO THE OIG SUPERVISOR RELATIONSHIP AND
THE REPORT RECOMMENDATION RELATIONSHIP TO THE STATE OF THE COUNCIL'S STATE

REMARKS

SUBJECT: OIG SUPERVISOR RELATIONSHIP REBOB RELATIONSHIP

MEMORANDUM NUMBER IN SESSION:

SUPERVISOR, COUNCIL
CIAA COUNCIL

MAY 15, 1961

RESOLUTION NO. 87-365

ADOPTED BY THE SACRAMENTO CITY COUNCIL ON DATE OF

APPROVED
BY THE CITY COUNCIL

MAY 12 1987

RESOLUTION AWARDING THE LEASE FOR THE
OLD SACRAMENTO RIVERFRONT DEPOT BUILDING
TO MIKE AND THERESA LIN DBA
PONY EXPRESS BAKERY

OFFICE OF THE
CITY CLERK

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

That the award of the lease for the Old Sacramento Riverfront depot building with Mike and Theresa Lin, dba Pony Express Bakery, is hereby authorized in accordance with Section 12.39 of the Sacramento City Code.

MAYOR

ATTEST:

CITY CLERK

CITY CLERK

WITNES:

EVANS

ACCORDANCE WITH SECTION 15.30 OF THE SACRAMENTO CITY CODE.

AND MIKE AND LINDSEY PIZ DOB BOND EXPRESS BUREAU, IS HEREBY AUTHORIZED TO

APPEAL THE BOARD OF THE LEASE FOR THE OLD SACRAMENTO RAILROAD DEPOT BUILDING

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

LOLA EXPRESS BUREAU
20 MIKE AND LINDSEY PIZ DOB
OLD SACRAMENTO RAILROAD DEPOT BUILDING
RESOLUTION REGARDING THE LEASE FOR THE



DEPARTMENT OF PARKS
AND COMMUNITY SERVICES

CITY OF SACRAMENTO
CALIFORNIA

1231 I STREET
SUITE 400
SACRAMENTO, CA
95814-2977

ROBERT P. THOMAS
DIRECTOR

April 28, 1987

916-449-5200

G. ERLING LINGGI
ASSISTANT DIRECTOR

DIVISIONS:

CROCKER ART MUSEUM
GOLF
METROPOLITAN ARTS
MUSEUM & HISTORY
PARKS
RECREATION
ZOO

Budget and Finance Committee
Sacramento, California

Honorable Members in Session:

SUBJECT: Old Sacramento Riverfront Depot Building Lease

SUMMARY

This report provides information relating to leasing the California Steam Navigation Company (CSNC) Depot building on the Old Sacramento riverfront and requests authorization to execute a lease with Pony Express Bakery.

BACKGROUND INFORMATION

Reconstruction of the Old Sacramento riverfront buildings by SHRA and subsequent operations by the Waterfront Management Section of the Department of Parks and Community Services will provide private entrepreneurs with an opportunity to lease a part of living history and to join one of the most distinctive retail/office/residential areas on the Pacific coast.

The Old Sacramento Riverfront Master Plan project includes the reconstruction and revitalization of approximately 4.5 acres of riverfront area. Designed to interpret the 1849-1870 period, principal elements of the plan include historic riverfront buildings, floating hulks, and historic ships. Proposed uses for the riverfront area are commercial, tour boats, public open space, and riverfront access. The Specific Use and Leasing Plan approved January 1985 includes reconstruction of the shells of the three historic riverfront buildings in the area located west of Front Street between L and K Streets on a site leased to the City under a master lease with the State Lands Commission.

In an effort both to secure tenants of high quality who are sensitive to the unique historical setting afforded by Old Sacramento as well as to maximize the revenue to the City, the riverfront buildings lease proposal process was initiated following City Council authorization on October 28, 1986, to select tenants for these leasing opportunities.

Assistance in both the development of the Request for Proposal to lease the Old Sacramento riverfront buildings and the subsequent marketing of this leasing opportunity was provided by Ralph Anderson and Associates under a consultant services contract. Utilizing the consultant's suggested lists of potential lessees as well as the advertising and marketing techniques suggested as a means to target distribution of the RFP, the City sent more than four hundred individualized invitations to submit proposals to potential lessees. In addition, advertisements were placed in appropriate local publications.

Proposals for the leasing of these riverfront buildings were opened on December 16, 1986. The City received four proposals to lease the CSNC Depot. This site offers 600 square feet of retail space in a larger building which will also house the Sacramento Visitors' Center and the City Waterfront offices and which is located on Front Street. In order to ensure the selection of the best responsible proposer, a selection panel was established with representatives from the Department's Resource Development and Management Section, Waterfront Management Section, SHRA, and the Executive Director of the Museum and History Division. The selection panel was assisted by the expertise of Ralph Anderson in reviewing the proposals. All proposers were interviewed by the selection panel and were evaluated on their experience in operating similar enterprises, quality and design of proposed improvements, quality of proposed services including compatibility with and sensitivity to the unique historical setting of Old Sacramento, and proposed rent to the City.

The selection panel made a split recommendation that a lease for the CSNC Depot be negotiated with Pony Express Bakery, a family partnership which currently operates a downtown coffee shop and which provides exporting services for a previously owned bakery in Taiwan. The Pony Express Bakery proposes to offer traditional Chinese baked goods featuring California agricultural products with designs incorporating Old Sacramento themes. The bakery proposes to operate seven days a week year-round and to offer special demonstrations and events in Old Sacramento. This proposal was ranked high in all areas including ability, experience and operational plans. Pony Express Bakery was deemed the most compatible of the proposed services in terms of both the unique historical setting and the commercial mix of Old Sacramento. It was felt by the panel that the bakery offers the proposed use which would contribute most to the goal of recreating a thriving, active and historically representative riverfront area. Given that the City has limited opportunities to generate revenue from the Old Sacramento Waterfront, the Director of Parks and Community Services did not support the selection panel's recommendation but recommended that a lease be negotiated with the highest proposer, the panel's second ranked proposer, Ronald Wroten and Beverly Ann Dixon, who proposed "The Gold Mine", a fine replica jewelry store, at a rent substantially higher than that proposed by the Pony Express Bakery.

The Budget and Finance Committee, at their meeting of March 10, 1987, recommended that all proposals relating to the leasing of the CSNC Depot be rejected and a lease for the depot be negotiated with Pony Express Bakery. It is felt by the Committee that given that there are currently no other bakeries in Old Sacramento, the Pony Express Bakery would provide services unique to Old Sacramento, and thus would be most compatible in terms of the commercial mix in Old Sacramento. On March 17, 1987, the City Council authorized the Department of Parks and Community Services to negotiate an Old Sacramento riverfront depot building lease with Pony Express Bakery. A negotiating team comprised of representatives from Parks and Community Services Resource Development and Management staff, the City Attorney's office, the Waterfront Management, and the Executive Director of Museum and History commenced negotiations with Pony Express Bakery. These parties have completed the negotiations process. Significant terms of the lease agreement are as follows:

- Pony Express Bakery will commence operations within 45 days following notice from the City that the demised premises are suitable for occupancy. A late June start-up date is anticipated, after which the bakery will be open year-round from early morning to evening.
- The Pony Express Bakery will provide decorated baked goods in the Chinese tradition with designs incorporating Old Sacramento themes and featuring California agricultural products.
- The Pony Express Bakery shall present a minimum of six historical and cultural special programs and events to the general public including dough sculpture, candy blowing and dragon beard candy demonstrations as well as Chinese harp playing, brush painting and folk art demonstrations. These programs will be scheduled so as to maximize Old Sacramento Waterfront activity and visitation.
- The lessee will assume full responsibility for all maintenance and for a \$1 million insurance policy.
- Lessee shall make all tenant improvements, estimated at \$60,000, in accordance with City approved plans and specifications and in conformance to historical considerations.
- The term of the lease is five years. The term may be extended for up to two additional five-year periods on the terms and conditions upon mutual agreement between the Director of Parks and Community Services and lessee.

FINANCIAL DATA

Revenue from the Old Sacramento depot building will be deposited in the General Fund and will be used to offset the costs of providing management, programming, and maintenance for the Old Sacramento Waterfront area.

Budget and Finance Committee
April 28, 1987
Page Four

Terms of the negotiated lease include eight percent of gross receipts from all activities under the contract including off premises sales of bakery goods. In addition, the proposed lease also provides an annual guaranteed minimum fee of \$10,800. Estimated return to the City, based on gross receipts prepared by Pony Express Bakery, is as follows:

	<u>Year</u>	<u>Estimated Gross Receipts</u>	<u>Percentage Rent</u>	<u>Revenue to City</u>
Pony Express Bakery	1987	\$127,800	8%	\$10,800 (minimum)
	1988	217,260	8%	17,380
	1989	249,849	8%	19,988
	1990	287,326	8%	22,986
	1991	330,425	8%	26,434

RECOMMENDATION

It is recommended that the Budget and Finance Committee approve this report and refer it to the full City Council for action. Further, it is recommended that the City Council, by resolution, authorize award of the lease for the Old Sacramento Riverfront depot building to Mike and Theresa Lin, dba Pony Express Bakery.

Respectfully submitted,

for - D. Eiling Longgi
ROBERT P. THOMAS, Director
Parks and Community Services

Recommendation Approved:

Jack R. Crist

JACK R. CRIST
Deputy City Manager

RPT:ja

May 12, 1987
District No. 1

May 18, 1987

Mike and Theresa Lin dba Pony Express Bakery
6715 Steamboat Way
Sacramento CA 95831

Dear Mr. and Mrs. Lin:

This is to confirm that on May 12, 1987, the Sacramento City Council adopted Res. 87-365 awarding to you the lease of the Old Sacramento Riverfront Depot Building with terms of eight percent (8%) of gross receipts from all activities under the contract including off premise sales of bakery goods.

Sincerely,

Lorraine Magana
City Clerk

LM/lmh/#43

CC: Liz Brenner, Water Front Division, Parks and Community Services

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May 21, 1987

Mike and Theresa Lin
dba Pony Express Bakery
6715 Steamboat Way
Sacramento CA 95831

Dear Mr. & Mrs. Lin:

On May 12, 1987, the Sacramento City Council adopted a Resolution No. 87-365 authorizing the execution of Agreement No. 86206 for the Old Sacramento Riverfront Depot Building Lease.

Enclosed, for your records, is one fully certified copy of said agreement and authorizing resolution.

Sincerely,

LORRAINE MAGANA, CITY CLERK

Anne Mason
Assistant City Clerk

AM/mls/43
Enclosure

cc: Parks and Community Services
Risk Management

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5/12/87
mtg
Freder

May 9, 1988

Mike and Theresa Lin
6715 Steamboat Way
Sacramento, CA 95831

On May 12, 1987, the Sacramento City Council adopted Resolution No. 87-365 authorizing the execution of City Agreement #86206 and Addendum to Old Sacramento Riverfront Depot Building Lease.

Enclosed, for your records, is one fully certified copy of said Addendum and authorizing resolution.

Sincerely,



LORRAINE MAGANA
CITY CLERK

LM/cc/43
Enclosure

cc: Parks and Community Services
Risk Management