



Legislation Text

File #: 17-296, **Version:** 1

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SUBJECT: Lease Agreement Between the City of Merced and Javier Rodriguez, DBA Viajes California for Office Space in the Merced Transportation Center

REPORT IN BRIEF

Authorize the City to enter into a lease agreement with Javier Rodriguez for 330 square feet of office space and use of the common area facilities located at the Merced Transportation Center, 710 West 16th Street.

RECOMMENDATION

City Council - Adopt a motion:

- A. Approving the Lease Agreement between Javier Rodriguez, a sole proprietor, doing business as Viajes California and the City of Merced; and,
- B. Authorizing the City Manager or Assistant City Manager to execute the necessary documents.

ALTERNATIVES

- 1. Approve as recommended by staff; or,
- 2. Approve, subject to modifications as conditioned by Council; or,
- 3. Deny the request completely; or,
- 4. Refer back to staff for reconsideration of specific items as requested by Council; or,
- 5. Continue item to a future Council meeting (date to be specified in City Council motion).

AUTHORITY

Section 200 of the City of Merced Charter.

CITY COUNCIL PRIORITIES

As provided for in the 2017-18 Adopted Budget.

DISCUSSION

Background

The City has been leasing 330 square feet of office space to Javier Rodriguez, DBA Viajes Express since 2010 in the Merced Transportation Center. The travel related business offers services that include the sale of bus tickets, air travel arrangements and parcel shipping within the United States, Mexico, Central and South America. The proprietor operates seven (7) days a week and employs one (1) full time staff person. Viajes Express regularly pays its full portion of costs for the use of the

facility including negotiated rents, a six percent (6%) utility pro-rata share and an eight percent (8%) maintenance pro-rata share as part of the lease. The rent revenues generated are deposited into Facilities Maintenance account 671-1119-352-03-00.

Description

The City of Merced was approached by Javier Rodriguez to update his existing agreement. The name of the business has changed to Viajes California and he would like that reflected on the lease. In addition, he would like to offer additional services through his existing business. Viajes California will not only provide the sale of bus tickets, air travel arrangements and parcel shipping but also will offer Department of Motor Vehicles registration services, Live Scan services, and be a UPS, FedEx and DHL drop off and pickup location. The proprietor intends to continue operating seven (7) days a week and will employ one (1) full time staff person.

Viajes California will continue to pay its full portion of costs for the use of the facility including negotiated rents, an increase to eight percent (8%) utility pro-rata share and an eight percent (8%) maintenance pro-rata share for the Common Area. The rent revenues generated will continue to be deposited into Facilities Maintenance account 671-1119-352-03-00, which is used for ongoing operations and maintenance of the Transportation Center. Negotiations with the proprietor have returned the following terms:

Parties: Lessor: City of Merced
 Lessee: Javier Rodriguez
 DBA, Viajes California

Premises: The subject site is a portion of 710 West 16th Street, consisting of 330 square feet. Use of common area facilities include the lobby area, bathroom and concourse for patrons and staff (See Exhibits A and B of Attachment 1.)

Term: Three (3) year lease with two (2) additional one (1) year terms commencing on year four (4) and year five (5) respectively.

Rent: Year 1: \$266.11 per month
 Year 2: \$266.11 per month
 Year 3: \$294.62 per month
 Year 4: \$294.62 per month
 Year 5: \$294.62 per month

Tenant

Improvements: No tenant improvements (TI) is included.

Utilities: Pro-rata share of 8%. Includes cost of water, sewer, garbage, electricity, telephone services, security costs and other public utilities.

Maintenance: Pro-rate share of 8% of incurred costs for maintenance, repairs and janitorial services for the Common Area (See Exhibit C of Attachment1.)

The tenant will have the option to early termination of the lease. An early termination forfeiture payment in the amount of three (3) months full rent shall apply. This will allow the City to market the

space while also receiving rent income if the tenant were to vacate prior to the normal expiration of the lease term.

The current lease with Mr. Rodriguez is in good standing, and the Transportation Center would benefit from the expansion of services offered through the business. Staff recommends approval of the Lease Agreement with Javier Rodriguez, DBA Viajes California and authorize the City Manager or Assistant City Manager to execute the necessary documents

IMPACT ON CITY RESOURCES

The rent revenues generated are deposited into facilities maintenance account 671-1119-352-03-00, which is used for ongoing operations and maintenance.

ATTACHMENTS

1. Viajes California Lease Agreement