



Agenda Report

MEETING DATE: Tuesday, October 25, 2022

TO: City Council

FROM: ASSISTANT CITY MANAGER VIDES
Raunel Zavala, Sr. Administrative Analyst

THROUGH: CITY MANAGER MENDEZ

SUBJECT: LEASE BETWEEN THE CITY OF WATSONVILLE AND LUCIA A. PEREZ, AN INDIVIDUAL, FOR COMMERCIAL SPACE LOCATED AT 346 RODRIGUEZ STREET

RECOMMENDED ACTION:

It is recommended that the City Council adopt a resolution authorizing the City Manager to execute a Lease Agreement, and any amendments of a non-substantive nature subject to legal approval with Lucia A. Perez, an individual, for the commercial space located at 346 Rodriguez Street within the Beach Street Parking Garage.

BACKGROUND:

The commercial space located at 346 Rodriguez Street, a 1,032-square-foot space, has been vacant since 2017. The City has received some inquiries from potential tenants, but no formal offers to lease the space have been received. In February 2022, the City conducted minor updates to the location including new paint and flooring. The space is now ready to be leased as of November 1, 2022.

DISCUSSION:

Ms. Perez has been operating a successful clothing boutique from her home in the City of Watsonville, Lucy's Fashion, for the past 2 years. She sells her products at local flea market events and also has an online presence. She is looking to lease a space in the City that is big enough to allow her to expand her offerings and maintain a permanent storefront where her clients can easily find her. In order to get her new business up and running as soon as possible, Ms. Perez would like to take possession of the space as of November 1, 2022.

The terms of the proposed lease are as follows:

1. **Term:** Five years, beginning November 1, 2022, with one, three-year renewal option.

2. **Rent:** \$1,020 per month during the initial five-year lease. Rent is to be negotiated at the fair market rate for the renewal option.
3. **Concessions:** None
4. **Common Area Facilities and Maintenance Charges:** \$0.25 per square foot of the Leased Premises, which equates to \$258 per month.
5. **Security Deposit:** Two month's base rent (\$2,040.00)
6. **Use:** Retail Shop – Clothing Store

STRATEGIC PLAN:

04 – Economic Development

This action is consistent with the City's goal of strengthening the City's economy by attracting new businesses and revitalizing our downtown.

FINANCIAL IMPACT:

The City's General Fund will receive rent revenue in the amount of \$12,240 per year for the next five years. Should the three-year renewal option be exercised, the City will accrue additional revenue at the then fair market rate.

ALTERNATIVE ACTION:

Council can elect to decline the lease offer and continue looking for a new tenant.

ATTACHMENTS AND/OR REFERENCES (If any):

None.