

3127-2
CITY COUNCIL MEETING
SEPTEMBER 5, 1984

REQUEST FROM
SOUTHERN PACIFIC
TO INCREASE RENT
ON PARKING LOT
BETWEEN ELM AND
PINE STREET

Council was apprised by City Clerk Reimche that for many years the City of Lodi has leased a parcel of land located at the corner of Sacramento and Elm Streets which parcel is used as a parking lot.

The City became involved with the property through an effort to solve a problem of mutual concern to the Southern Pacific and the citizens of Lodi, the unsightly condition of the property. The Southern Pacific Company benefited from this agreement by being relieved of the maintenance problems it was experiencing with the property and the City justified the expenditure of funds to improve the property on the basis that the public would receive some benefit by using the lot for parking.

Over the years the amount of the yearly rental for the parcel was negotiated to represent the approximate amount of property tax charged to the property. The City has, since January 1, 1975, paid an annual rental of \$650.00 for the property.

Letters have been received from the Southern Pacific Land Company proposing that the rental for this property be increased to \$1,950.00 per annum effective October 1, 1984 and to \$3,500.00 per annum effective October 1, 1985. It is further proposed that all other terms and conditions of the lease remain the same.

City Manager Graves gave additional information regarding the matter and responded to questions.

A lengthy discussion followed with questions regarding the subject being directed to Staff. On motion of Council Member Olson, Hinchman second, Council referred the matter to Staff for review and recommendation.

COUNCIL COMMUNICATION

TO: THE CITY COUNCIL

DATE

NO.

FROM: THE CITY MANAGER'S OFFICE

August 31, 1984

SUBJECT: Southern Pacific Land Company Request to increase rent on parking lot
between Elm and Pine Street

For many years the City of Lodi has leased a parcel of land located at the corner of Sacramento and Elm Streets which parcel is used as a parking lot.

The City became involved with the property through an effort to solve a problem of mutual concern to the Southern Pacific and the citizens of Lodi, the unsightly condition of the property. The Southern Pacific Company benefited from this agreement by being relieved of the maintenance problems it was experiencing with the property and the City justified the expenditure of funds to improve the property on the basis that the public would receive some benefit by using the lot for parking.

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Alice M. Reimche
City Clerk

Southern Pacific Land Company

RECEIVED

1984 AUG 21 AM 8:42

5108 E. Clinton Way • Suite 118 • Fresno, California 93727 • (209) 453-9232

REAL ESTATE

ALICE M. REIMCHE
CITY CLERK
CITY OF LODI

J. B. HOUSTMAN
DISTRICT MANAGER

IN REPLY PLEASE REFER TO

August 20, 1984

Lodi-City of Lodi-LT

U. S. CERTIFIED MAIL

The Honorable Fred M. Reid
Mayor's Office
City of Lodi
221 West Pine Street
Lodi, CA 95240

Dear Mayor Reid:

In May, Southern Pacific paid it's assessment for the Downtown Beautification Project and has recently granted the City of Lodi a Beautification Easement free of charge.

By letter of March 2, 1983, copy attached, we indicated rental under the existing City parking lease is considerably low and feel it should be increased. I propose that the rental under Lease Audit No. 104126 be increased to \$1,950 per annum effective October 1, 1984, and to \$3,500 per annum effective October 1, 1985. All other terms and conditions of the lease will remain the same and our billing records will be changed accordingly.

I trust the City can understand the necessity of this increase in rental.

Very truly yours,

J. B. Houston

Attachment

Southern Pacific Land Company

Southern Pacific Building • One Market Plaza • San Francisco, California 94105 • (415) 541-1000

REAL ESTATE

B. A. BUTPIN
VICE PRESIDENT AND GENERAL MANAGER
R. E. MEDICK
ASSISTANT TO VICE PRESIDENT
E. W. JOHNSON
D. L. OSNESS
ASSISTANTS TO GENERAL MANAGER, REAL ESTATE

March 2, 1983

IN REPLY PLEASE REFER TO

Lodi-City of (LT)

The Honorable Fred Reid
Mayor's Office
City of Lodi
22 West Pine Street
Lodi, CA 95240

Dear Mayor Reid:

As you know, we have been pleased to discuss with the Downtown Development task force the City of Lodi's plans for a broad improvement program that will benefit downtown commerce and the community as a whole.

We are carefully considering the inclusion of our station property, including 17,490 square feet now used by the City for parking.

The parking arrangement is covered by a token lease of \$650 per annum, which just about offsets the tax we pay on the property. This rental has not changed since 1975 and is far below fair rental value.

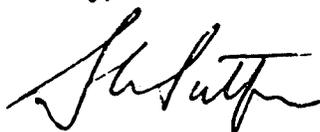
As we become more involved in the City's plan for downtown development, we feel that use of our property should appropriately produce some benefit beyond a tax offset and provide a reasonable rate of return. Whether or not an improvement district moves forward, we feel the property now used by the City for parking should rent for more than \$7,000 per annum. We recognize the City may not wish to underwrite that amount for public parking, but we have been offering this community assistance since 1954.

As an interim measure, we want to increase the rental on a graduated basis to bring the lease closer to an appropriate return; \$1,950 per annum for 1984, only a 3.7 percent return, and \$3,500 in 1985.

In accord with our discussions with the downtown improvement task force, we will do all we can to promote commercial development of our property.

Will the City please say if this new rental schedule for the leased parking area is acceptable.

Sincerely,



Southern Pacific Land Company

One Market Street • San Francisco, California 94103 • (415) 362-1212

IN REPLY PLEASE REFER TO

REAL ESTATE
October 22, 1974

Lodi C-6

S. A. BUTPIN
MANAGER, REAL ESTATE
R. E. MEBICK
ASSISTANT MANAGER, REAL ESTATE
C. W. JOHNSON
ASSISTANT TO MANAGER, REAL ESTATE

City of Lodi
City Hall
221 West Pine Street
Lodi, California 95240

Attn: Ms. Alice M. Reimche, City Clerk

Gentlemen:

Please refer to your letter dated October 21, 1974, regarding Southern Pacific Transportation Company Lease Audit No. 104126 which covers premises located at Lodi, California, for public parking purposes.

Attached is a fully executed counterpart of supplemental agreement to the above lease increasing rental to \$650 per annum effective January 1, 1975.

If you have any questions in this matter, please contact Mr. J. B. Horstman of my staff on extension 21109.

Sincerely yours,



Attachment

CITY COUNCIL

JOHN R (Randy) SNIDER, Mayor
DAVID M HINCHMAN
Mayor Pro Tempore
EVELYN M OLSON
JAMES W PINKERTON, Jr
FRED M REID

CITY OF LODI

CITY HALL, 221 WEST PINE STREET
POST OFFICE BOX 320
LODI, CALIFORNIA 95241
(209) 334-5334

HENRY A GLAVES, Jr
City Manager

ALICE M REIMCHE
City Clerk

RONALD M STEIN
City Attorney

September 6, 1984

Southern Pacific Land Company
5108 E. Clinton Way, Suite 118
Fresno, CA 93727

Attention: J. B. Horstman, District Manager

Re: Lodi-City of Lodi-LT

Dear Mr. Horstman:

The City of Lodi is in receipt of your August 20, 1984 letter proposing a rental increase to the City of Lodi, for the use of Southern Pacific Land Company's parking lot between Elm and Pine Street, increasing from the present \$650 per annum rental, to \$1,950 per annum rental, effective October 1, 1984 and to \$3,500 per annum rental, effective October 1, 1985.

I was directed by the City Council to contact your office to discuss the possibility of entering into a long term lease for said premises. I understand that we did sign the lease in 1954, however, the Council is concerned that, at a minimum, we should revise and update said lease.

Further, it was the Council's thought that we should explore the possibility of having a 5-year lease. As you are aware, the City, as a municipality, must concern itself with long-range budgetary planning, and Council felt it would be prudent for us to know what we are looking at in costs over a 5-year period as far as rental of this particular parcel.

A second area that the Council asked me to pursue with Southern Pacific Land Company is the possibility of the City using the subject property for permit parking for a fee, and whether there are any constraints that your Company is aware of to prevent doing same under our present lease.

In view of the above, I would appreciate your contacting me at your earliest convenience so that we can begin discussion regarding this matter.

Sincerely yours,



RONALD M. STEIN
CITY ATTORNEY

RMS:vc

*See Council Members
Alice*

CITY COUNCIL

JOHN R. (Randy) SNIDER, Mayor
DAVID M. HINCHMAN
Mayor Pro Tempore
EVELYN M. OLSON
JAMES W. PINKERTON, Jr.
FRED M. REID

CITY OF LODI

CITY HALL 221 WEST PINE STREET
POST OFFICE BOX 320
LODI, CALIFORNIA 95241
(209) 334-5634

HENRY A. GLAVES, Jr.
City Manager

ALICE M. REIMCHE
City Clerk

RONALD M. STEIN
City Attorney

September 10, 1984

Mr. J. B. Horstman
District Manager
Southern Pacific Land Company
5108 East Clinton Way, Suite 118
Fresno, CA 93727

Dear Mr. Horstman:

Please be advised that your letter concerning a proposed increase of the lease of a parking lot that the City has leased for a period of years was presented to the Lodi City Council at its regular meeting of September 5, 1984. A lengthy discussion followed regarding this proposed rental increase and the Council referred the matter to Staff for review and recommendation.

We will keep you apprised as to the developments in this request.

Should you have any questions regarding the matter, please do not hesitate to call this office.

Very truly yours,

Alice M. Reimche
Alice M. Reimche
City Clerk

AMR:jj

CC 376-101 5-10-84

CITY COUNCIL

JOHN R. (Randy) SNIDER, Mayor
DAVID M. HINCHMAN
Mayor Pro Tempore
EVELYN M. OLSON
JAMES W. PINKERTON, Jr.
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AMR:jj