

AGREEMENT WITH
SOUTHERN PACIFIC
TRANSPORTATION
COMPANY APPROVED

CC-6
CC-7(h)

For the past 32 years the City of Lodi has leased from the Southern Pacific Transportation Company for public parking the lot on Sacramento Street between East Pine and East Elm streets. There have been just two adjustments to the initial annual rental fee of \$240 during this period. For the past 12 years, the annual rental fee has remained at \$650. Several months ago, Southern Pacific advised the City that the current fee was substantially below market, and that an adjustment to \$3,500 per year was appropriate. The Public Works Director was directed to contact two local realtors in an effort to determine the market price for such a lease in the downtown area. His discussion with the realtors resulted in staff agreeing that the requested annual lease payment is consistent with existing market conditions. Staff tried to negotiate a three-year lease and to expand the lease to include the additional unimproved area between the existing improved parking lot and East Pine Street. However, since Southern Pacific desires to maintain maximum flexibility with respect to its ultimate development or disposition of this property, these positions were not attainable.

Council approved the lease agreement for use of the Southern Pacific parking lot and authorized the City Manager and City Clerk to execute the subject agreement.

COUNCIL COMMUNICATION

TO: THE CITY COUNCIL
FROM: THE CITY MANAGER'S OFFICE

DATE: November 19, 1986

NO.

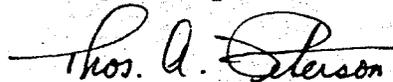
SUBJECT: LEASE AGREEMENT FOR USE OF SOUTHERN PACIFIC PARKING LOT

PREPARED BY: City Manager

RECOMMENDED ACTION: That the City Council authorize the City Manager to execute on behalf of the City of Lodi a Letter Agreement (Exhibit A) with the Southern Pacific Transportation Company providing for the City's lease of the parking lot on Sacramento Street between E. Pine and E. Elm streets.

BACKGROUND INFORMATION: For the past 32 years the City of Lodi has leased from the Southern Pacific Transportation Company for public parking the lot on Sacramento Street between E. Pine and E. Elm streets. There have been just two adjustments to the initial annual rental fee of \$240 during this period. For the past 12 years, the annual rental fee has remained at \$650. Several months ago, Southern Pacific advised the City that the current fee was substantially below market, and that an adjustment to \$3,500 per year was appropriate. The Public Works Director was directed to contact two local realtors in an effort to determine the market price for such a lease in the downtown area. His discussion with the realtors resulted in staff agreeing that the requested annual lease payment is consistent with existing market conditions. Staff tried to negotiate a three-year lease and to expand the lease to include the additional unimproved area between the existing improved parking lot and E. Pine Street. However, since Southern Pacific desires to maintain maximum flexibility with respect to its ultimate development or disposition of this property, these positions were not attainable.

Respectfully submitted,



Thomas A. Peterson
City Manager

TAP:br

COUNCIL08

CITY COUNCIL

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

CITY OF LODI

CITY HALL, 221 WEST PINE STREET
CALL BOX 3006
LODI, CALIFORNIA 95241-1910
(209) 334-5634

THOMAS A. PETERSON
City Manager

ALICE M. REIMCHE
City Clerk

RONALD M. STEIN
City Attorney

November 12, 1986

Southern Pacific Transportation Company
5110 East Clinton Way, Suite 117
Fresno, CA 93727

Gentlemen:

THIS LETTER AGREEMENT, executed this 19th day of November, 1986, by and between SOUTHERN PACIFIC TRANSPORTATION COMPANY, a corporation, first party, hereinafter termed "Railroad", and CITY OF LODI, a municipal corporation of the State of California, second party, herein termed "Lessee".

1. WHEREAS, Railroad and Lessee entered into a certain lease dated April 30, 1954, whereunder Railroad leased to Lessee a certain parcel of land at Lodi, San Joaquin County, California, in the location more particularly indicated on the print attached thereto and made a part thereof, for parking of automobiles, whereby Lessee paid to Railroad, an annual rental fee of \$240.00, payable in advance; and
2. WHEREAS, Railroad and Lessee entered into a supplemental agreement dated December 15, 1954, whereunder it was mutually agreed by and between the parties hereto to increase the area to be included in said lease more particularly indicated on the print attached thereto and made a part thereof, and whereby Lessee agreed to pay to Railroad, an increase in the annual rental fee for a total of \$485.00, payable in advance; and
3. WHEREAS, Railroad and Lessee entered into a supplemental agreement dated October 22, 1974, whereunder the parties hereto mutually agreed that the annual rental Lessee pays to Railroad, be increased to \$650.00 per annum, payable annually in advance; and
4. WHEREAS, Railroad gave Lessee notice via certified mail letter on June 11, 1986, that Railroad is increasing the rental amount from \$650.00 per annum, to \$3,500 per annum for the above-described leased Railroad property, said increase to become effective August 1, 1986 for a one year term to July 31, 1987; and
5. WHEREAS, said notice being given by Railroad falls under the terms of Section 8 of the Lease Agreement between Railroad and Lessee dated April 30, 1954, wherein the existing lease is terminable by either party on 30-days written notice;
6. NOW, THEREFORE, the parties hereto do hereby agree to amend the aforesaid lease in that, effective August 1, 1986, and for a term of one year thereafter, rental for Railroad's premises, subject of

said recited lease as amended, shall be increased to the sum of Three Thousand Five Hundred Dollars (\$3,500.00) per annum, payable annually in advance, from the period August 1, 1986 to July 31, 1987.

7. Except as herein otherwise provided, all terms and conditions of said recited lease dated April 30, 1954, as amended, shall continue in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Letter Agreement to be executed in duplicate as of the day and year first hereinabove written.

CITY OF LODI,
a municipal corporation

SOUTHERN PACIFIC TRANSPORTATION
COMPANY, successor by merger to
SOUTHERN PACIFIC COMPANY,
a corporation

By _____
THOMAS A. PETERSON
CITY MANAGER

By _____
J. B. HORSTMAN
Agent for Southern Pacific
Transportation Company

ATTEST:

ALICE M. REIMCHE
CITY CLERK

APPROVED AS TO FORM

RONALD M. STEIN
CITY ATTORNEY