

# City of Sacramento

## Legislation Text

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**File #:** 2019-01631, **Version:** 1

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**Title:**  
**Third Amendment to Lease Agreement for Rio City Café**

File ID: 2019-01631

**Location:** Old Sacramento, District 4

**Recommendation:**

Pass a Motion authorizing the City Manager, or City Manager's designee, to execute the Third Amendment to Agreement No. 93-0098.

**Contact:** Dustin Hollingsworth, Facilities and Real Property Superintendent, (916) 808-5538; Jody Ulich, Director, (916) 808-5105, Convention and Cultural Services

**Presenter:** None

**Attachments:**

- 1-Description/Analysis
- 2-Third Amendment to the Lease Agreement

### Description/Analysis

**Issue Detail:** In 1993, the City entered into a lease agreement ("Agreement") with Waterfront Management, Inc. ("Waterfront") whereby Waterfront leased the premises located at 1110 Front Street for operation of a full-service restaurant and cocktail lounge, which is currently known as the Rio City Café. The initial term of the Agreement was July 27, 1993, through July 26, 2004. The Agreement provided for extensions of up to three additional five-year terms, with the Agreement expiring on July 26, 2019 if all extension options were exercised. The first two five-year extensions were executed in 2004 and in 2009, with the Agreement set to expire on July 26, 2014.

In 2014, Waterfront attempted to sell the Rio City Café, but negotiations with the potential new owner stalled. The Miller family, who owned Waterfront Management, ultimately decided to retain Rio City Café, and they relocated from Boulder, Colorado to take an active role in its management. In consideration of those events, the City and Waterfront agreed that the Agreement would only be

extended for two years, instead of five. Therefore, the City and Waterfront amended the Agreement so that it would expire on July 26, 2016.

In 2016, the Miller family bought out the limited partners of Waterfront and created Riverwalk Ventures, LLC (“Riverwalk”), a California corporation. The Millers actively worked to rebrand and improve Rio City Café to re-establish it as a destination restaurant in Old Sacramento. The City and Riverwalk amended the Agreement so that it was assigned to Riverwalk and would expire on July 26, 2019, which would have been the termination date of the Agreement if all options under the original Agreement were exercised.

As of today, Rio City Café continues to be a viable business in the district and the Millers continue to be committed to the success of Rio City Café. City staff has determined that it is in the best interest of the City to maintain and extend the current lease while the plan for the redevelopment of the Old Sacramento waterfront continues to move forward. Due to the undetermined scope of the Old Sacramento waterfront redevelopment project, staff recommends that the City Manager or his designee execute the attached amendment of the Agreement to extend the term of the lease until December 31, 2020.

**Policy Considerations:** Pursuant to City Code section 3.04.020, City Council approval is required to amend leases when the income will be \$100,000 or more.

**Economic Impacts:** None.

**Environmental Considerations:**

**California Environmental Quality Act (CEQA):** This report concerns administrative activities and government fiscal activities that do not constitute a “project” as defined by the CEQA Guidelines Sections 15378(b)(2) and 15378(b)(4) and are not subject to the provisions of CEQA (CEQA Guidelines 15060(c)(3)).

**Sustainability:** The action requested herein is consistent with the City’s Strategic Plan goal to achieve sustainability and livability.

**Commission/Committee Action:** Not applicable.

**Rationale for Recommendation:** Rio City Café has been in operation since 1995 and it is located in Old Sacramento, which attracts over two million visitors per year. Rio City Café embraces the farm-to-fork movement and is an annual sponsor for Old Sacramento events. It also supports the goals of the City’s Riverfront Master Plan by:

- Maintaining the riverfront as an active, vibrant, urban district, and public asset;

- Providing for visitor and community serving uses and amenities; and
- Increasing the viability and sustainability of Old Sacramento as a historic and commercial district, preserving Sacramento's history.

**Financial Considerations:** Pursuant to the Agreement, Riverwalk pays monthly rent to the City in the amount of a minimum rent fee or a percentage of its gross receipts, whichever is greater. In Fiscal Year (FY) 2018/19, the City received \$189,141 in rent from Riverwalk. For FY2019/20, rent revenue has been estimated and budgeted in the operating budget of the Convention and Cultural Services Department in the amount of \$180,000.

**Local Business Enterprise (LBE):** Not applicable.