

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: May 24, 2010
	Agenda Item No. 54 Roll Call No. <u>10-845</u> Communication No. <u>10-290</u> Submitted by: Jeb E. Brewer, P.E., City Engineer

AGENDA HEADING:

Hearing for the approval of lease of City-owned property in the lower level of the 7th and Grand Avenue parking garage to R. K. Corporation, d/b/a Mr. Filet Steakhouse, for \$915 per month.

SYNOPSIS:

Recommend approval of lease agreement with R. K. Corporation, George Hatzigiannakis, President, 510 7th Street, Des Moines, Iowa 50309, for retail space located in the street level of the 7th and Grand Parking Garage. The lease allows R. K. Corporation to use the leased premises for the operation of Mr. Filet Steakhouse. The lease shall be for a period of 5 years, commencing on the 1st day of June, 2010 and ending on May 31, 2015, subject to termination of the lease by either party with sixty (60) days written notice. R. K. Corporation shall have the right to renew the lease agreement for two additional five-year terms. Consideration shall be \$915.00 per month for the initial 5-year term of the lease agreement.

FISCAL IMPACT:

Amount: \$54,900.00 (Revenue)

Funding Source: 20010-11 Operating Budget, Page 124, T & T – Parking Administration, EN051, ENG100701.

ADDITIONAL INFORMATION:

In 1990, R. K. Corporation entered into a lease agreement with the City for space in the lower level of the 7th Street and Grand Avenue Parking Garage.

A fire at the restaurant in January 2010 led R. K. Corporation to request a new lease agreement to be negotiated. R.K. Corporation has requested a tenant improvement allowance equal to six months of abated rent equal to \$5,490 to assist with approximately \$42,000 in leasehold improvements made to the premises, as a result of the fire, which were not covered by R.K. Corporation’s insurance company. R.K. Corporation has provided the City with a list and cost of the extensive repairs and renovations made to the premises.

The rental rate of \$915 per month, and the tenant improvement allowance is equal to the estimated fair market rent value for this space. The Engineering Department is recommending the approval of this lease agreement, as it provides revenue that helps offset the operating costs of the parking ramp facility.

PREVIOUS COUNCIL ACTION(S):

Date: September 8, 2008

Roll Call Number: 08-1611

Action: [On](#) approval of lease of City-owned property in the lower level of the 7th and Grand Avenue Parking Garage to R.K. Corporation d/b/a Mr. Filet for \$912 per month. ([Council Communication No. 08-529](#)) Moved by Hensley to adopt. Motion Carried 6-1. Absent: Coleman.

Date: May 7, 1990

Roll Call Number: 90-1972

Action: Approval of lease of property in the vicinity of 510 7th Street to R. K. Corporation; \$700 per month for a 5 year term. Moved by Vlassis to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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