



CITY OF SALEM

585 Liberty St SE
Salem, OR 97301

Staff Report

File #: 18-182

Version: 1

Date: 5/14/2018

Item #: 3.3a.

TO: Mayor and City Council
THROUGH: Steve Powers, City Manager
FROM: Kristin Rutherford, Urban Development Dept. Director

SUBJECT:

Lease termination agreement with Harvey Loveall Hair Care Center, Inc.

Ward(s): 1

Councilor(s): Kaser

Neighborhood(s): CANDO

ISSUE:

Shall the City Council authorize the City Manager to execute the attached termination agreement with Harvey Loveall Hair Care Center, Inc. for lease space located at 310 Commercial Street NE?

RECOMMENDATION:

Authorize the City Manager to execute the attached termination agreement with Harvey Loveall Hair Care Center, Inc. for lease space located at 310 Commercial Street NE?

SUMMARY AND BACKGROUND:

Harvey Loveall Hair Care Center, Inc. (Lessee) has occupied the retail space at 310 Commercial Street NE in the Chemeketa Parkade since 1983. The current and sole owner of Harvey Loveall Hair Care Center, Inc. is Edward M. Willits, who bought the business from the previous owner in 2015. Due to unforeseen business challenges, Lessee was forced to cease operations and vacated the space in February 2018.

FACTS AND FINDINGS:

Lessee's current lease term runs from November 1, 2015, through October 31, 2020. The current monthly rental rate and common area expenses total \$3,188.39 for the 2,645 sq. ft. space.

Lessee owes \$12,743.07 in back rent and expenses for the period of February 2018 - May 2018. Lessee, as a result of unanticipated issues, has requested to be relieved of all back rent owed and to terminate the lease and all obligations. The proposed termination agreement (Attachment 1) will forgive all back rent and release Lessee from obligations of the current lease (Lease)(Attachment 2).

Due to unforeseen personal matters compounded with unexpected issues related to Lessee's business, collection of any back or future rent is highly unlikely. Terminating the Lease will allow the space to be re-leased as soon as possible and provide a new revenue stream for the Chemeketa Parkade Leasehold Fund.

Clint Dameron
Real Property Services Manager

Attachments:

1. Proposed Agreement
2. Current Lease