



## Staff Report

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**File #:** 16-263

**Version:** 3

**Date:** 10/24/2016

**Item #:** 3.3g.

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**TO:** Mayor and City Council

**THROUGH:** Steve Powers, City Manager

**FROM:** Kristin Retherford, Urban Development Department Director

**SUBJECT:**

Retail Leases - 3763-3769 Market Street NE

Ward(s): 6

Councilor(s): Benjamin

Neighborhood(s): NESCA

**ISSUE:**

Shall the City Council authorize the City Manager to execute individual retail leases with Mitchell K. Davidson, Jennifer Kinler, and Action Auto Glass of Salem, Inc. in a city-owned building located at 3763-3769 Market Street NE?

**RECOMMENDATION:**

Authorize the City Manager to execute individual retail leases with Mitchell K. Davidson, Jennifer Kinler, and Action Auto Glass of Salem, Inc. in a city-owned building located at 3763-3769 Market Street NE.

**SUMMARY AND BACKGROUND:**

The property located at 3763-3769 Market Street NE (Building)(Attachment 1) was acquired on December 31, 2015, for \$895,000, contains a 5,064 square foot commercial building, 0.46 acre of land, and was acquired as part of the Fisher Road NE Extension project (Project). The Project, which is scheduled to commence in Spring 2018, will connect Fisher Road NE with Market Street NE opposite the existing entrance to the Fred Meyer entrance/intersection. Due to site constraints, it is unlikely that the Building will be able to remain fully in use after the street improvements are made. It is not known at this time if the Building will be able to remain in use in a smaller configuration. At the time of acquisition, the Building was occupied by three tenants. Two tenants had existing leases and the third was on a month to month agreement. Staff and the tenants have come to terms and desire to place all tenants on City-based leases and extend the lease terms for all tenants to October

31, 2017. All tenants remaining in the Building with leases in good standing at the end of their terms will be eligible for City-sponsored relocation assistance.

## **FACTS AND FINDINGS:**

Staff and the three tenants in the building have come to terms on new leases, the key terms of which are listed below. Each tenant's rental rate is identical to the rate they are paying on its current lease. The rental rate is a modified gross rate which includes rent, property taxes, water, and insurance. Each tenant is responsible for its own gas, electric, janitorial, and trash service.

**Lessee:** Mitchell K. Davidson, dba Precision Auto Care (Attachment 2)  
**Term:** November 1, 2016 - October 31, 2017  
**Square Feet:** 2,790  
**Monthly Rent:** \$2,500  
**Special Conditions:** Lessee owes back rent in the amount of \$20,000 for the period of January - August 2016, and has agreed to sign a Promissory Note (Attachment 3) to repay the amount owed in 40 monthly payments of \$500 each. A default on the note will also constitute a default on the Lease. Lessee has paid rent due for the months of September and October 2016.

**Lessee:** Jennifer Kinler, dba New Beginnings Hair Design (Attachment 4)  
**Term:** November 1, 2016 - October 31, 2017  
**Square Feet:** 1,098  
**Monthly Rent:** \$350

**Lessee:** Action Auto Glass of Salem, Inc., (Rick Harris, principal) (Attachment 5)  
**Term:** November 1, 2016 - October 31, 2017  
**Square Feet:** 1,192  
**Monthly Rent:** \$1,400

Clint Dameron  
Real Property Services Manager

### **Attachments:**

1. Map
2. Proposed Lease - Mitchell K. Davidson
3. Promissory Note - Davidson
4. Proposed Lease - Jennifer Kinler
5. Proposed Lease - Action Auto Glass of Salem, Inc.

10/24/2016

