

**City of Culver City, California
Agenda Item Report**

Meeting Date: 06/11/12		Item Number: C-3	
CITY COUNCIL AGENDA ITEM: Approval of a Lease with Trader Joe's to Memorialize the Use of the Shopping Cart Storage Area, Outdoor Selling Area, and Memorialize and Expand the Storage Area in the Ince Parking Structure.			
Contact Person / Department:		Phone Number:	
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Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☒ No ☐	
Public Hearing: ☐		Action Item: ☒ Attachments: ☐	
Commission Action Required: Yes ☐ No ☒		Date: _____	
Public Notification (E-Mail) (E-Mail) Meetings and Agendas – City Council (06/08/12); (E-Mail) The Downtown Business Association (06/06/12); (E-Mail) The Culver City Chamber of Commerce (06/06/12); (E-Mail) The Gateway Neighborhood Association (06/06/12); (E-Mail) The Downtown Neighborhood Association (06/06/12); (E-Mail) Trader Joe's (06/06/12); (E-Mail): OliverMcMillan (06/06/12)			
Department Approval: Sol Blumenfeld: (06/06/12)		City Attorney Approval: Carol Schwab (by H. Baker) (06/06/12)	
Chief Financial Officer Approval: Jeff Muir (06/07/12)		City Manager Approval: John M. Nachbar (06/07/12)	

RECOMMENDATION:

Staff recommends the City Council approve a lease with Trader Joe's to memorialize the use of the shopping cart storage area and outdoor selling area, and memorialize and expand the storage area in the Ince Parking Structure.

BACKGROUND:

Trader Joe's (TJ) opened its store at 9290 Culver Boulevard in 2002. Due to the success of the store, TJ was allowed to construct a storage room (at their expense) in the Ince Parking Structure (Ince). In 2009 TJ outsourced its product warehousing and delivery services and, as a result, the store's deliveries were reduced. This resulted in the store receiving more products at one time and the need to stockpile twice the amount of inventory during a 24-hour period. With no additional loading or storage area available, TJ crews began stockpiling pallets in areas not authorized for such temporary storage. In addition, the stockpiling interferes with parking/circulation and has resulted in damage to the right-of-way and parking structure. Additionally, TJ often requires access to the storage area within Ince when it is closed.

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DISCUSSION:

To facilitate resolution of these issues and to assist TJ with its increase storage needs, staff met with TJ management. Those meetings produced the following storage and loading solutions:

1. Expand the existing storage room by enclosing the adjacent handicapped parking space and walkway at Ince;
2. Memorialize the square footage currently used for shopping cart storage and outdoor sales adjacent to their store entrance;
3. Provide access to the Ince storage room at all hours; and
4. Implement these changes through a lease agreement.

Note: The removal of the handicapped space does not impact the City's full compliance with meeting the State's required minimum handicapped parking spaces at the Ince Parking Lot.

Proposed TJ Lease Terms and Conditions:

1. The initial term of the lease expires on October 31, 2015 with automatic one-year renewals until TJ ceases to operate at the location or when its lease with OliverMcMillan (TJ landlord) expires or if/when the City needs the space after the initial term.
2. TJ will lease 1,256 total sq. ft. at Ince to accommodate the expanded storage room, shopping cart storage, and outdoor sales area.
3. A key to the southwest roll-up gate will be provided to TJ for access to the storage room when deliveries are made when Ince is closed.
4. A rental charge of \$1 per sq. ft. per month (the City's existing outdoor dining permit rate), or \$15,072 annually, with CPI adjustment for use of 1,256 sq. ft. of space.
5. TJ will be charged an annual pro rata share of Ince's utility costs, currently estimated to be \$20 per month.
6. TJ assumes all liability for property damage, stolen property, and personal injuries resulting from their operations and indemnifies and holds harmless Modern Parking, the City; the City's Parking Authority and the Successor Agency to the Culver City Redevelopment Agency.
7. TJ agrees to maintain all leased areas and the pathways leading to them in good condition.
8. TJ will design and construct the expanded storage room at its cost. When the lease is terminated, the City may either keep the storage room or require it be demolished and the former parking spaces restored at TJ expense.
9. TJ will provide a \$15,000 deposit to repair potential damage resulting from their operations and agrees to replenish the balance as needed.

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In addition to tentative agreement on the above points, TJ has also remitted payment of approximately \$7,000 to reimburse the City for damage to City property caused over the past several years.

FISCAL ANALYSIS:

In addition to TJ contributing their pro rata share of utility costs amounting to \$240 in the first year, the rental income for use of the parking structure will be \$15,072 in the first year with annual CPI increases thereafter.

ATTACHMENTS:

None.

MOTION:

That the City Council:

1. Approve a lease with Trader Joe's to memorialize the use of the shopping cart storage area, outdoor selling area, and memorialize and expand the storage area in the Ince Parking Structure; and
2. Authorize the City Attorney and City Special Counsel to review/prepare the necessary documents; and
3. Authorize the City Manager to execute such documents on behalf of the City.