



**Request for City Council Committee Action
From the Department of Finance and Property Services**

Date: August 27, 2013

To: Honorable Betsy Hodges, Chair Ways & Means Committee

Subject: **Lease of City Owned Space – Jerry Haaf Memorial Parking Facility
DiNoko’s Pizzeria and Zia**

Recommendation:

Authorize proper City officers to negotiate and execute a sixty-three month lease to include renewal options with DiNoko’s Pizzeria and Zia, LLC for retail and storage space in the Jerry Haaf Municipal Parking Facility at 420 4th Street South.

Previous Directives:

- December 2009 – Council authorized City officers to negotiate and enter into a lease with Tickle Food and Bar, Inc.

Prepared by: Greg Goeke, Director of Property Services, 612-673-2706

Approved by:

Kevin Carpenter, Chief Financial Officer, Finance and Property Services Dept.

Paul Aasen, City Coordinator

Presenters: Greg Goeke. Director of Property Services

Reviews

Permanent Review Committee (PRC):	Approval _NA	Date _____
Civil Rights Approval	Approval _NA	Date _____
Policy Review Group (PRG):	Approval _NA	Date _____

Financial Impact

The City’s investment to prepare the space for occupancy by the new Tenant will be recouped throughout the term of the lease through rent payment made by the new Tenant.

Action is within Business Plan

Community Impact

Neighborhood Notification: NA
City Goals:
Comprehensive Plan: NA
Zoning Code: Compliant

Background/Supporting Information

The Haaf Municipal Parking Ramp was designed and built to have a street level, store front office or retail space. The previous tenant (Tickles Food and Bar) defaulted on their lease and officially closed for business in March of 2011. The space has remained vacant since.

DiNoko's Pizzeria is proposing to move its current business from 5501 34th Avenue South. The larger central location allows for an expanded menu and robust delivery service that will reach a larger demographic. In addition to the expanded food business, the owner of DiNoko's is partnering with an established bar manager to create the concept of Zia at DiNoko's that will offer a full bar selection from beer to wine and spirits as well as featuring local craft beers. The owner is concurrently applying for appropriate business and liquor licenses with the goal of opening for business on November 1, 2013.

DiNoko's Pizzeria is requesting (and staff recommends) a multi-year lease with renewal options. The lease has incentives envisioned to cover the costs of relocation. The lease would also address deferred maintenance, equipment upgrades and related modernization in order to make the space tenantable and compliant with current health code requirements. The lease would provide for market rates for rent and incentives as well as providing for proper collateral and insurance to protect the City's interests.

Therefore, Property Services is recommending a new sixty-three (63) – month lease to include renewal options be negotiated and executed with DiNoko's Pizzeria and requests that proper City officers be authorized to negotiate and execute an agreement.

Property Services has met with Parking Services staff to review the terms and conditions and has their support in moving forward. Revenue and Expense will be account for in the Parking Fund.

Attachments: None

Cc: Tim Blazina
Atif Saeed
Jon Wertjes
Patrick Sadler