



Request for City Council Committee Action From the Department of Public Works

Date: February 27, 2007
To: Honorable Sandra Colvin Roy, Chair Transportation & Public Works Committee
Subject: **Amendment of Contract with Little Wagon Company, Inc.**

Recommendation:

Authorize the proper City officers to negotiate and execute an Amendment to the existing lease, City Contract 16720 with Little Wagon Company, Inc., for the use of City owned space at 424 4th Street South (Jerry Haaf Municipal Parking Ramp). This amendment will assign the lease to new owner Keegan's Irish Pub, revise certain lease terms and contemplate possible term extensions beyond the current 2016 expiration date.

Previous Directives:

- Execution of contract 16720 with The Little Wagon, May 2001

Prepared by: Mike Sachi, P.E. Parking and Skyway Systems Engineer 673-2519

Approved by:

Steven A. Kotke, P.E., City Engineer, Director of Public Works

Presenters: Mike Sachi, P.E. Parking and Skyway Systems Engineer
Greg Goeke, Director of Property Services

Permanent Review Committee (PRC) Approval _____ Not applicable X

Policy review Group (PRG) Approval _____ Not applicable X

Financial Impact (Check those that apply)

 X No financial impact - or - Action is within current department budget (If checked, go directly to Background/Supporting Information)

___ Action requires an appropriation increase to the Capital Budget

___ Action requires an appropriation increase to the Operating Budget

___ Action provides increased revenue for appropriation increase

___ Action requires use of contingency or reserves

___ Business Plan: X Action is within the plan. ___ Action requires a change to plan.

___ Other financial impact (Explain):

___ Request provided to department's Finance Dept. contact when provided to the Committee Coordinator

Community Impact

Neighborhood Notification: Not Applicable

City Goals: Maintain the physical infrastructure to ensure a healthy, vital and safe city

Comprehensive Plan: Not Applicable

Zoning Code: Not Applicable

Background/Supporting Information

Public Works is requesting that the proper City Officials be authorized to negotiate and execute an amendment to City Contract No. 16720 with The Little Wagon Company, Inc.

Little Wagon Company, Inc. has leased space in the City-owned Jerry Haaf Municipal Parking Ramp since its construction in 1993. The area leased has been used as a bar/restaurant and for most of the lease period Little Wagon Company Inc. was the owner operator of its bar/restaurant. However, in 2005 Little Wagon Company, Inc. assigned its leasehold interests to another company, Chewy's who operated the bar/restaurant for a brief time. In 2006 Chewy's defaulted and surrendered their leasing rights back to Little Wagon.

The Little Wagon owners have indicated they are no longer interested in directly operating a bar/restaurant and are now proposing that they again assign their leasehold rights to another company, Keegan's Irish Pub.

City staff are willing to recommend approval of an assignment of Little Wagon leasehold rights to Keegan's, however, staff also recommend that The Little Wagon lease be amended to make the economics of the assignment workable, protect City interests, and assure the legality of what Little Wagon, Inc has proposed. Among the issues a lease amendment would contain would be addition of language allowing possible extensions to the lease term from the current 2016 expiration date, revising lease language to clarify protections required by the City, revising the lease to bring it up to date, and altering language to sections on default. With these changes, staff believes that another assignment can proceed.

Accordingly, staff recommends that City Lease 16720 with Little Wagon Company, Inc. be amended to allow the right to assign business and leasehold interests to Keegan's Irish Pub, and to modify lease language to assure the lease continues to protect City interests in the Jerry Haaf Municipal Parking Ramp.