



# STAFF REPORT

## SAUSALITO CITY COUNCIL

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### AGENDA TITLE:

Adoption of a Resolution approving the: Second Amendment to Lease Agreement by and between the City of Sausalito and Toni Denmark; Second Amendment to Amended and Restated Lease by and between the City of Sausalito and Ann Likas; and the Third Amendment to Lease of Premises by and between the City of Sausalito and Pippa Murray- MLK

### RECOMMENDED MOTION:

Adopt a Resolution of the City Council of the City of Sausalito approving the Second Amendment to Lease Agreement by and between the City of Sausalito and Toni Denmark; Second Amendment to Amended and Restated Lease by and between the City of Sausalito and Ann Likas; and the Third Amendment to Lease of Premises by and between the City of Sausalito and Pippa Murray

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### BACKGROUND

All three of the proposed amendments extend the terms of existing leases for tenants at MLK:

#### Toni Denmark

The proposed amendment continues the lease of Suite 785 for an additional year with an increase in the rental rate to \$828.24 a month this is an increase of \$27.53 per month for the 493 square foot space.

#### Ann Likas

The proposed amendment continues the lease of Suite 725 for an additional year with an increase in the rental rate to \$636.25 a month this is an increase of \$24.88 per month for the 362 square foot space.

#### Pippa Murray

The proposed amendment continues the lease of Suites 138B and 230 for an additional five years with an increase in the rental rate to \$661.50 a month for Suite 138B and \$788.50 for Suite 230 this is an increase of \$31.50 per month for Suite 138B which is 504 square feet and \$19.09 per month for Suite 230 which is 415 square feet. The monthly rental rate will increase annually based upon changes in CPI provided that the

annual increase will be no less than 4% or more than 7% of the rental rate then in effect.

The OMIT Committee has reviewed and approved the terms of the proposed Amendments.

### FISCAL IMPACT

The proposed Amendments result in an increase in the current monthly rental rates as follows:

**Denmark (Suite 785):** \$828.24

**Likas (Suite 725)** \$636.25

**Murray (Suites 138B and 230)** \$661.50 for Suite 138B and \$788.50 for Suite 230  
this will increase annually by not less than 4% or more than 7% over the 5 year term.

### STAFF RECOMMENDATIONS

Staff recommends that the City Council:

Adopt a Resolution of the City Council of the City of Sausalito approving the Second Amendment to Lease Agreement by and between the City of Sausalito and Toni Denmark; Second Amendment to Amended and Restated Lease by and between the City of Sausalito and Ann Likas; and the Third Amendment to Lease of Premises by and between the City of Sausalito and Pippa Murray

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### ATTACHMENTS

1. Resolution of the City Council of the City of Sausalito approving the Second Amendment to Lease Agreement by and between the City of Sausalito and Toni Denmark; Second Amendment to Amended and Restated Lease by and between the City of Sausalito and Ann Likas; and the Third Amendment to Lease of Premises by and between the City of Sausalito and Pippa Murray

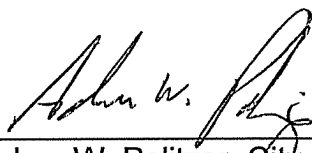
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PREPARED BY:

REVIEWED AND SUBMITTED BY;

  
Mary A. Wagner, City Attorney

  
Adam W. Politzer, City Manager

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ATTACHMENT NO. 1

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF SAUSALITO, CALIFORNIA  
APPROVING THE SECOND AMENDMENT TO THE LEASE AGREEMENT BY AND  
BETWEEN  
THE CITY OF SAUSALITO AND TONI DENMARK; THE SECOND AMENDMENT  
TO AMENDED AND RESTATED LEASE OF PREMISES BY AND BETWEEN THE  
CITY OF SAUSALITO AND ANN LIKAS AND THE THIRD AMENDMENT TO LEASE  
OF PREMISES BY AND BETWEEN THE CITY OF SAUSALITO AND PIPPA  
MURRAY

WHEREAS, the City of Sausalito leases that certain real property located at 100 Ebbtide and 610 Coloma, Sausalito from the Sausalito School District (the "Site"); and

WHEREAS, the City has existing lease agreements with Toni Denmark, Ann Likas and Pippa Murray for the lease of certain portions of the Site ; and

WHEREAS, the City and the Tenants desire to enter into amendments to the existing leases to extend the terms of the lease upon the terms and conditions set forth in the amendment; and

WHEREAS, the approval of the amendments is exempt from the application of the California Environmental Quality Act (California Public Resources Code Section 21000, et seq., "CEQA"), pursuant to Section 15301 (Class 1 Categorical Exemption) of the State CEQA Guidelines (Title 14, California Code of Regulations Section 15000, et seq.).

Now, therefore, the City Council of the City of Sausalito does hereby resolve as follows:

1. The City Council hereby finds that the amendments are exempt from the application of CEQA pursuant to Section 15301 (Class 1 Categorical Exemption) of the State CEQA Guidelines and the City Clerk, or her designee, is directed to cause a Notice of Exemption to be posted in accordance with CEQA.
2. The Second Amendment to the Lease of Premises by and between the City of Sausalito and Toni Denmark which is attached hereto as Exhibit "A"; the Second Amendment to Amended and Restated Lease of Premises by and between the City of Sausalito and Ann Likas which is attached hereto as Exhibit "B"; and the Third Amendment to Lease of Premises by and between

the City of Sausalito and Pippa Murray are hereby approved and the Mayor is authorized to execute the amendments on behalf of the City.

3. Upon execution of the amendments by the Mayor, the City Manager (or his designee), is authorized, on behalf of the City, to approve and/or sign all documents necessary and appropriate to carry out and implement the amendments, and to administer the City's obligations, responsibilities and duties to be performed under the amendments and related documents.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Sausalito on the \_\_\_\_ day of \_\_\_\_\_, 2008, by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

\_\_\_\_\_  
MAYOR OF THE CITY OF SAUSALITO

\_\_\_\_\_  
CITY CLERK

\_\_\_\_\_  
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**EXHIBIT A  
SECOND AMENDMENT TO LEASE OF PREMISES**

**THIS SECOND AMENDMENT TO LEASE OF PREMISES** ("Amendment"), dated effective as of November 1, 2008 (the "Effective Date"), is entered into by and between the **CITY OF SAUSALITO**, a municipal corporation (the "Landlord"), and **TONI DENMARK**, an individual ("Tenant").

**RECITALS**

The following Recitals are a substantive part of this Agreement:

A. Landlord and Tenant entered into the Lease of Premises dated as of November 1, 2004 and the First Amendment to Lease dated November 1, 2005 (collectively the "Lease"). The Lease provides for Landlord's lease to Tenant of that certain real property commonly known as Building 7, Suite 785, 610 Coloma, Sausalito, California (the "Premises").

B. The Term of the Lease for the Premises expires on October 31, 2008.

C. Tenant desires to continue to lease the Premises from Landlord for an additional period of one year.

D. Landlord and Tenant desire to enter into this Amendment in order to provide for Tenant's Lease of the Premises upon the terms and conditions set forth herein.

**AGREEMENT**

In consideration of the mutual covenants and conditions contained in this Amendment, Landlord and Tenant hereby agree as follows:

**Section 1. Term.** Section 2.1 of the Lease is hereby amended to provided that the Term shall be extended for a period of one year, commencing on November 1, 2008 and ending at midnight on October 31, 2009, unless earlier terminated as provided in the Lease as amended by this Amendment. The "Expiration Date" as that term is defined in the Lease shall be revised to be October 31, 2009.

**Section 2. Rent.** Upon the Effective Date the monthly rental amount to be paid by Tenant for the Lease of the Premises shall be Eight Hundred Twenty Eight Dollars and Twenty Four Cents (\$828.24).

**Section 3. Security Deposit.** Concurrently with the execution of this Amendment Tenant shall deliver cash or other readily available funds in an amount sufficient to increase the Security Deposit so that it is equal to the amount of one and one half month's rent as revised by this Amendment.

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**Section 4. Utilities.** The monthly utility charges to be paid by Tenant as set forth in Article 5 of the Lease shall not be less than Ten Cents (\$0.10) per square foot nor more than Fifteen Cents (\$0.15) per square foot of the Premises which for purposes of this Section 4 include 493 square feet.

**Section 5. Effect on Lease.** Except as expressly set forth herein, the terms and conditions of the Lease shall remain in full force and effect. In the event of any inconsistency between the Lease and this Amendment, the terms of this Amendment shall control. Capitalized terms utilized in this Amendment and not otherwise defined shall have the meaning set forth in the Lease unless the context clearly requires otherwise.

**Section 6. Entire Agreement; Conflicts.** This Amendment and the Lease contain the entire agreement between the parties with respect to the subject matter hereof. Except as otherwise specified herein, no prior oral or written understanding shall be of any force or effect with respect to those matters covered herein. This Amendment and the Lease shall not be modified or altered except in writing signed by both parties.

**Section 7. Execution.** This Amendment may be executed in duplicate original counterparts each of which shall constitute one and the same instrument.

LANDLORD:

CITY OF SAUSALITO, a municipal corporation

Dated: \_\_\_\_\_, 2008

By: \_\_\_\_\_  
Amy Belser, Mayor

ATTEST:

\_\_\_\_\_  
Deputy City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney

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TENANT:

TONI DENMARK, an individual

Dated: \_\_\_\_\_, 2008

By: \_\_\_\_\_  
Toni Denmark

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**EXHIBIT "B"**

**SECOND AMENDMENT TO AMENDED AND RESTATED LEASE OF PREMISES**

**THIS SECOND AMENDMENT TO AMENDED AND RESTATED LEASE OF PREMISES** ("Amendment"), dated effective as of November 1, 2008 (the "Effective Date"), is entered into by and between the **CITY OF SAUSALITO**, a municipal corporation (the "Landlord"), and **ANN LIKAS** an individual (the "Tenant").

**RECITALS**

The following Recitals are a substantive part of this Agreement:

A. Landlord and Tenant entered into the Amended and Restated Lease of Premises dated as of January 15, 2004 and the First Amendment to Lease dated October 19, 2004 (the "Lease"). Capitalized terms utilized herein and not otherwise defined shall have the same meaning as set forth in the Lease.

B. The Lease provides for Landlord's lease to Tenant of that certain real property located at Building 7, Suite 725, 610 Coloma Street, City of Sausalito, County of Marin (the "Premises").

C. Landlord and Tenant desire to enter into this Amendment to extend the Term of the Lease on the terms and conditions set forth herein.

**AGREEMENT**

In consideration of the mutual covenants and conditions contained in this Amendment, Landlord and Tenant hereby agree as follows:

**Section 1. Term.** Section 2.1 of the Lease is hereby amended to provided that the Term shall be extended for a period of one year, commencing on November 1, 2008 and ending at midnight on October 31, 2009, unless earlier terminated as provided in the Lease. The "Expiration Date" as that term is defined in the Lease shall be revised to be October 31, 2009.

**Section 2. Rent.** Upon the Effective Date the monthly rental amount to be paid by Tenant for the Lease of the Premises shall be Six Hundred Thirty Six Dollars and twenty five cents (\$636.25).

**Section 3. Security Deposit.** Concurrently with the execution of this Amendment Tenant shall deliver cash or other readily available funds in an amount sufficient to increase the

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Security Deposit so that it is equal to the amount of one and one half months rent as revised by this Amendment.

**Section 4. Utilities.** The monthly utility charges to be paid by Tenant as set forth in Article 5 of the Lease shall not be less than Ten Cents (\$0.10) per square foot nor more than Fifteen Cents (\$0.15) per square foot of the Premises which for purposes of this Section 4 include 362 square feet.

**Section 5. Effect on Lease.** Except as expressly set forth herein, the terms and conditions of the Lease shall remain in full force and effect. In the event of any inconsistency between the Lease and this Amendment, the terms of this Amendment shall control.

**Section 6. Entire Agreement; Conflicts.** This Amendment and the Lease contain the entire agreement between the parties with respect to the subject matter hereof. Except as otherwise specified herein, no prior oral or written understanding shall be of any force or effect with respect to those matters covered herein. This Amendment and the Lease shall not be modified or altered except in writing signed by both parties.

**Section 7. Execution.** This Amendment may be executed in duplicate original counterparts each of which shall constitute one and the same instrument.

LANDLORD:

CITY OF SAUSALITO, a municipal corporation

Dated: \_\_\_\_\_, 2008

By: \_\_\_\_\_  
Amy Belser, Mayor

ATTEST:

\_\_\_\_\_  
Deputy City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney

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TENANT:

Dated: \_\_\_\_\_, 2008

By: \_\_\_\_\_  
Ann Likas

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**EXHIBIT "C"**

**THIRD AMENDMENT TO LEASE OF PREMISES**

**THIS THIRD AMENDMENT TO LEASE OF PREMISES** ("Third Amendment"), dated effective as of September 15, 2008 (the "Effective Date"), is entered into by and between the **CITY OF SAUSALITO**, a municipal corporation (the "Landlord"), and **PIPPA MURRAY**, an individual (the "Tenant").

**RECITALS**

The following Recitals are a substantive part of this Agreement:

A. Landlord and Tenant entered into a Lease of Premises dated as of September 15, 2004, the First Amendment to Lease dated October 18, 2006 and the Second Amendment to Lease April 23, 2008 (collectively the "Lease"). The Lease provides for Landlord's lease to Tenant of that certain real property commonly known as Building 1, Suite 138B ("Suite 138B") and Building 2, Suite 230 ("Suite 230"), 100 Ebbtide, Sausalito, California (the "Premises").

B. The Term of the Lease for both Suite 138B and Suite 230 expired September 14, 2008.

C. Landlord and Tenant desire to enter into this Third Amendment to extend the term of the Lease upon the terms and conditions set forth herein.

**AGREEMENT**

In consideration of the mutual covenants and conditions contained in this Amendment, Landlord and Tenant hereby agree as follows:

**Section 1. Term.** Section 2.1 of the Lease is hereby amended to provided that the Term shall be extended for a period of five years, commencing on September 15, 2008 and ending at midnight on September 14, 2013, unless earlier terminated as provided in the Lease. The "Expiration Date" as that term is defined in the Lease shall be revised to be September 15, 2013.

**Section 2. Rent.** Commencing September 15, 2008, the monthly rental amount to be paid by Tenant for the Lease of the Premises shall be: Six hundred sixty one dollars and fifty cents (\$661.50) for Suite 138B and Seven hundred eighty eight dollars and fifty cents (\$788.50) for Suite 230. Commencing on September 15, 2009 and every twelve months thereafter (each such anniversary date being referred to as an "Adjustment Date"), the Base Rent in effect immediately preceding the Adjustment Date in question will be adjusted to reflect the increases (only) in the same percentage that the Consumer Price Index published by the United States Department of Labor, Bureau of Labor Statistics (the "Bureau"), "All Items" for All Urban Consumers in the San Francisco-Oakland-San Jose metropolitan area (1982-1984=100) (the

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"Index") for the calendar month that is four (4) full months immediately preceding the Adjustment Date increased over the Index for the calendar month that is sixteen (16) full months immediately before the Adjustment Date. Landlord will use reasonable efforts to calculate and give Tenant written notice of any increase in the Base Rent before, and Tenant will in all events pay the increased Base Rent effective on, each Adjustment Date. The Base Rent as adjusted will be the Base Rent until the next Adjustment Date. If the Bureau discontinues the publication of the Index, publishes the Index less frequently, or alters the Index in some other manner, the most nearly comparable index or procedure as selected by Landlord will be substituted for the Index. Notwithstanding the foregoing, in no event shall the adjusted Base Rent calculated in accordance with this Section 5 be less than four percent (4%) or more than seven percent (7%) of the prior year's Base Rent.

**Section 3. Security Deposit.** Concurrently with the execution of this Amendment Tenant shall deliver cash or other readily available funds in an amount sufficient to increase the Security Deposit so that it is equal to the amount of one and one half month's rent as revised by this Amendment.

**Section 4. Utilities.** The monthly utility charges to be paid by Tenant as set forth in Article 5 of the Lease shall not be less than Ten Cents (\$0.10) per square foot nor more than Fifteen Cents (\$0.15) per square foot of the Premises which for purposes of this Section 4 include 504 square feet for Suite 138B and 415 square feet for Suite 230.

**Section 5. Effect on Lease.** Except as expressly set forth herein, the terms and conditions of the Lease shall remain in full force and effect. In the event of any inconsistency between the Lease and this Third Amendment, the terms of this Third Amendment shall control.

**Section 6. Entire Agreement; Conflicts.** This Third Amendment and the Lease contain the entire agreement between the parties with respect to the subject matter hereof. Except as otherwise specified herein, no prior oral or written understanding shall be of any force or effect with respect to those matters covered herein. This Third Amendment and the Lease shall not be modified or altered except in writing signed by both parties.

**Section 7. Execution.** This Third Amendment may be executed in duplicate original counterparts each of which shall constitute on and the same instrument.

**LANDLORD:**

**CITY OF SAUSALITO**, a municipal corporation

Dated: \_\_\_\_\_, 2008

By: \_\_\_\_\_  
Amy Belser, Mayor

**ATTEST:**

\_\_\_\_\_  
City Clerk

**APPROVED AS TO FORM:**

\_\_\_\_\_  
City Attorney

**TENANT:**

Dated: \_\_\_\_\_, 2008

By: \_\_\_\_\_  
Pippa Murray

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