

MEMORANDUM

To: Our Council Colleagues

From: Vice Mayor Burch, Council Members Ojakian and Freeman

Subject: Financial Information Regarding Award of Lease at 445 Bryant Street

Date: August 2, 2004

During the July 19 City Council discussion regarding leasing 445 Bryant Street, we believe that conflicting financial information regarding the relative economic benefits of the Form Fitness and Saffron Restaurant proposals was presented in such a way that the Council could not effectively compare the two proposals. Consequently, we are soliciting our colleagues' support for direction to staff to return in September, prior to Council action to award the lease with the following:

- A comparison of the over all economic benefits provided to the General Fund by both proposals over the 10-year term of the lease, including General Fund sales tax revenue generated
- A comparison of the net cost to the General Fund for both proposals over the 10-year term of the lease. This would take into account the difference in the debt service over the ten-year life of the lease resulting from the difference in tenant improvements paid out of the bond proceeds
- Information regarding an appropriate valuation methodology to compare the two proposals over their 10-year lease term (e.g. net present value, net future value, etc.)

We would appreciate the assistance of the City Auditor in reviewing the information before it is provided to the Council as well.