



Rheem Center On The Verge Of Revolt

By Sophie Braccini

Edy Schwartz timed it perfectly. The President of the Moraga Chamber of Commerce, Schwartz and the Chamber Board organized a seminar on “How to Negotiate a Lease” for commercial tenants. “When the Moraga Chamber and the Town met with Kimco executives a few weeks ago, we wanted to talk to them about the rent increase of 25% in our community,” recalls Schwartz, “they replied that rents could only be discussed by individual tenants and their leasing agent. As a result of this discussion, we organized this seminar so the tenants would be better prepared to discuss this issue with the owner.”

The information session took place on March 25th as the level of frustration mounts among the Rheem Shopping Center tenants. Kimco Realty Corporation, which owns the Center, has been criticized for its lack of responsiveness, the 25% rent increase that is asked of renewing tenants and recently very high Common Area Maintenance (CAM) bills that leaseholders are required to pay.

Keith Blakeney and Richard Larsen, both commercial brokers, chaired the session organized by the Chamber, in a space offered gratis by the Moraga Valley Presbyterian Church. Seven different businesses were represented, most of them tenants of the Rheem Shopping Center. Joan Bruzzone, owner of the Moraga Center, was present as well. From the get-go, the level of dissatisfaction expressed by Kimco’s tenants was high. Most of the questions were related to how to deal with the difficult commercial corporation.

Many questions addressed the determination of a fair market price for this type of lease. “You will need to get as much information as you can at the time of renewal,” recommended Larsen, “a professional broker can help determine what is a fair market price and a real estate lawyer will assist you with the right wording of the contract.” Larsen said that everything in a contract is negotiable, “It’s a game of give and take and you need to be ready to give out on some things to gain what you want most.”

But one difficulty that Kimco’s tenants have experienced is getting the owner to enter the negotiation. Grant Stubblefield, whose mother owns Lori Perfect Tan, explained how she has been trying to negotiate the renewal of her lease for months. “We sent our renewal letter in due time,” recalls Stubblefield, “but didn’t get a response until just a few days before our lease was up.” Blakeney believes that was clearly a breach of contract that should have been documented.

As a result of these painful negotiations and rising rental costs the Rheem Center is suffering from many vacancies, with some storefronts standing empty for months. But a recent event made matters worse. “I received a CAM bill that was higher than ever,” said a frustrated George Quintero. The owner of the Moraga Pet Shoppe (and also the Lafayette



Richard Larsen of TRI Commercial addresses Moraga business owners
Photo Sophie Braccini

Pet Shoppe) said he had received a maintenance bill equivalent to a full month’s rent. “I have been in this Center for fifteen years, and such a thing never happened before,” added the outraged tenant. Others like Dave Reynolds, owner of Curves, expressed the same indignation about the CAM bill.

At that point Blakeney’s advice was clear, “You need to revolt. Get together, get organized, and hire professional help.” As it turned out, some participants had been coming to that meeting just for that purpose, to meet others in the same situation and decide on a common action. At the end of the meeting, Dave Reynolds announced a get-together with the storeowners of Moraga Jewelers and Gourmet Bistro to start talking about possible actions.

Joan Bruzzone recommended against a confrontational attitude. The Moraga Center does not have any vacancies, and such uproar is not expected there. Instead, she urged the retailers to participate more in the civic life of Moraga, to attend Town Council and Planning Commission meetings where decisions are made that affect the retail prosperity of the town.