



# COUNTY OF SONOMA

575 ADMINISTRATION  
DRIVE, ROOM 102A  
SANTA ROSA, CA 95403

## SUMMARY REPORT

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**Agenda Date:** 11/7/2023

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**To:** Board of Supervisors

**Department or Agency Name(s):** Sonoma County Public Infrastructure

**Staff Name and Phone Number:** Johannes J. Hoevertsz, 707-565-2550

**Vote Requirement:** 4/5th

**Supervisorial District(s):** Countywide

**Title:**

Charles M. Schulz - Sonoma County Airport Food and Beverage Lease

**Recommended Action:**

Approve and authorize the Charles M. Schulz - Sonoma County Airport Manager to execute a post-security limited-service restaurant lease with Apple Spice from January 1, 2024 through December 31, 2033. to amend the lease with Apple Spice, as needed, during the term of the lease.

**Executive Summary:**

The Public Infrastructure Department (SPI), Airport Division (Airport), requests the execution of a ten-year (10) year lease for a limited-service restaurant in the post-security portion of the Charles M. Schulz - Sonoma County Airport terminal. The limited-service restaurant has been operating in a temporary post-security location while the Airport terminal expansion project was constructed. The construction was completed in August 2023, and the operator is ready to occupy the permanent location within the new terminal. The Airport recommends that a lease for the post-security limited-service restaurant be issued to Apple Spice.

**Discussion:**

The Airport has contracted food and beverage services for travelers, residents, and neighborhood businesses for many years. The current full-service restaurant, Tap & Pour, is located pre-security in the terminal and offers an extensive menu with seated dining options to all patrons of the Airport. In addition to the full-service restaurant, there are several food and beverage vendors located on the Airport that offer various types of cuisine. These other options are operated by different contracted vendors. Apple Spice has been successfully operating in the post-secure portion of the terminal in a temporary kiosk for over one year. This action will relocate the vendor to a new location near the gate and will allow for enhanced food offerings available to the traveling public.

Airport operation costs are sourced through an enterprise fund that solely relies on its revenues to operate the Airport and does not receive a general fund contribution. Food and beverage services to the traveling public enhance the overall airport experience while generating revenue for the Airport through rents.

The proposed lease is for a limited-service restaurant, meaning they specialize in a particular type of food such as sandwiches, pizza, or quick-service items. Customers order and pay at a counter before they get their food

or beverage. Full-service restaurants typically offer table service and range from casual to fine-dining restaurants. The Airport's limited-service restaurant, Apple Spice, does not offer seating inside the leased premises and all food will be consumed in the terminal, on the adjacent secured patio, or at tables located just east of the limited-service restaurant. Non-alcoholic drinks and food purchased post-security can also be taken on the aircraft for consumption on the flight.

Many travelers arriving at the Airport prefer to go through the passenger screening area immediately upon arrival and wait in the post-security portion of the terminal. To accommodate those travelers and passengers experiencing delayed flights, the Airport conducted a Request for Proposal in January 2021 for a limited-service restaurant in the post-security area of the terminal. Apple Spice (Tenant) was selected as the limited-service food and beverage provider, but the location, chosen by the Airport, did not comply with County health codes and the cost to correct the issues were prohibitive both to the Airport and Tenant. An alternate location was chosen by the Airport and the occupancy was delayed by the construction of the terminal expansion project.

The leased premises consist of 619 square feet and includes a limited food preparation area, assembly area, storage area, and sink area for washing and sanitizing prep items. The area does not allow for grilled food since it cannot accommodate large open flame appliances. The construction of the new terminal is now complete, and the Tenant has relocated to its final location. The Airport and Tenant agreed to a tenant finish allowance of \$200,000 to complete move-in improvements. The allowance will be re-paid by the Tenant over the ten-year term of the lease at an interest rate of three percent. This tenant finish amount is in addition to a base rent of \$2,433 per month that the Tenant will pay to the Airport. Additionally, the tenant shall pay an additional 10% on gross revenues over \$24,330 per year.

The menu provided by the Tenant includes abundant choices for patrons who have special dietary restrictions, seeking healthy options, and desiring small plate offerings. The Airport has received numerous compliments of the food and customer service from both employees and travelers.

The Board of Supervisors is authorized by Government Code section 25536 to enter into a lease of real property held for airport purposes without compliance with otherwise applicable procedural requirements for the leasing of County real property upon a four-fifths vote.

The Airport requests the execution of a ten-year (10) year lease with Apple Spice for a limited-service restaurant in the post-security portion of the terminal.

**Strategic Plan:**

N/A

**Racial Equity:**

**Was this item identified as an opportunity to apply the Racial Equity Toolkit?**

No

**Prior Board Actions:**

None.

**FISCAL SUMMARY**

<b>Expenditures</b>	<b>FY23-24 Adopted</b>	<b>FY24-25 Projected</b>	<b>FY25-26 Projected</b>
Budgeted Expenses	\$200,000	\$0	\$0
Additional Appropriation Requested			
<b>Total Expenditures</b>	<b>\$200,000</b>	<b>\$0</b>	<b>\$0</b>
<b>Funding Sources</b>			
General Fund/WA GF			
State/Federal			
Fees (Monthly Base Rent w/2% Escalation)	\$14,598	\$29,780	\$30,376
Use of Fund Balance	\$173,815		
Contingencies (Loan Repayment)	\$11,587	\$23,174	\$23,174
<b>Total Sources</b>	<b>\$200,000</b>	<b>\$52,954</b>	<b>\$53,550</b>

**Narrative Explanation of Fiscal Impacts:**

In FY23-24, the Airport will finance up to \$200,000 tenant improvements associated with the leased premise as part of construction costs. The \$200,000 expenditure is a low interest loan to the Operator which will be paid back to the Airport at 3% interest over the 10 year term of the agreement (\$1,931.21 per month). In addition to the loan payment, the Operator will pay an initial base rent of \$2,433 per month. The monthly base rate is subject to annual adjustments based on the Airport's approved rate and fee schedule.

**Narrative Explanation of Staffing Impacts (If Required):**

None.

**Attachments:**

Apple Spice Lease Agreement

**Related Items "On File" with the Clerk of the Board:**

None.