



Legislation Text

File #: 2021-0994, **Version:** 1

To: Board of Supervisors

Department or Agency Name(s): Transportation and Public Works

Staff Name and Phone Number: Johannes J. Hoevertsz, 707-565-2231

Vote Requirement: 4/5th

Supervisorial District(s): Countywide

Title:

Charles M. Schulz - Sonoma County Airport Second Lease Amendment for the Sky Lounge Restaurant

Recommended Action:

Authorize the Director of Transportation and Public Works (TPW) to execute the Second Amendment to the Commercial Operator Lease Agreement with Jim Goff, the owner of the Sky Lounge Restaurant, located at the Charles M. Schulz-Sonoma County Airport Terminal Building, 2200 Airport Blvd., Santa Rosa, CA. (4/5th Vote Required)

Executive Summary:

Sonoma County entered into a lease for a certain portion of real property at the Charles M. Schulz-Sonoma County Airport (Airport) in 2007 for a restaurant to provide food and beverages to the traveling public. The restaurant, Sky Lounge, is located in the main terminal building of the Airport and is known as 2200 Airport Boulevard Suite 143 in Santa Rosa, California. The lease was revised in 2013 and now this Second Amendment will (i) extend the Lease term date six months to accommodate the tenant for low-performing sales during COVID-19; (ii) reduce a portion of the outside patio leasehold premises for new construction of the main terminal; and (iii) give the Director of Transportation and Public Works, and the Airport Manager, the ability to abate rent to the restaurant should it be determined that noise and dust disrupt restaurant operations during the main terminal construction.

Discussion:

The Sky Lounge Restaurant has been a tenant at the Airport since 2007. The restaurant is located in the main terminal building of the Airport and provides food and beverage service inside the restaurant and outside on their patio. The lease was first modified in 2013 to upgrade the insurance requirements to meet County standards, adjust rental rates, and to transfer a partnership interest in the lease solely to James Goff, as an individual.

The tenant has requested an extension to the Lease to recover revenue lost during the COVID-19 pandemic that started in March of 2020, due to diminished revenues. The tenant continued to pay rent when very few passengers were traveling through the Airport during the pandemic and the extension will help the tenant rebuild his financial resources. The tenant will continue to pay rent during the extension and subsequently recover revenues from the robust sales realized this year with increased commercial airline passengers. The date of the end of the lease, to include the six-month extension, would now be December 31, 2022 if the

extension is granted.

The Airport is currently building a new extension on the main terminal. This extension will require a portion of the outdoor patio currently utilized by the restaurant for landscaping of their outside dining patio. Fortunately, the portion required does not impact the dining area itself, but is located on the northern and western boundaries of the restaurant landscape areas. The amount of square footage needed from the restaurant landscape areas for the main terminal expansion is 986 square feet and the monthly deduction to the existing rent is \$414.12. The decrease in the square footage and the monthly rent will commence on August 18, 2021 and continue through to the end of the lease, including the six-month extension.

Tenant is concerned about construction noise and dust disrupting his restaurant operations during construction of the main terminal and had requested the ability for the Airport to provide rental relief for said disturbance to the restaurant. Tenant had previously received rent abatement during the 2010 terminal construction project and wishes to receive rent abatement again during the current terminal construction project. The Director of Transportation and Public Works, exclusively or jointly with the Airport Manager, will have the ability to abate a portion of rent to the restaurant for construction noise and dust disruptions. It is within the Director's and Airport Manager's sole discretion to determine the intensity and/or duration of the disruption and its impact to Tenant's restaurant sales. Said abatement shall not exceed fifty-percent (50%) of the daily rent owed by Tenant to County.

The Airport, and our partners, have adapted to rapidly changing economic and construction conditions over the past year and we will continue to adjust as circumstances change.

Prior Board Actions:

04/16/13 - Authorize the Chair to execute the First Amendment to the Commercial Operator Lease Agreement with the Sky Lounge Restaurant.

02/23/10 - Approved rent abatement for disrupted tenant operations during terminal remodel.

08/07/07 - Authorized the General Services Director to execute a lease with James Goff and Edward Metcalf for premises commonly known as the restaurant at the Charles M. Schulz-Sonoma County Airport.

FISCAL SUMMARY

Expenditures	FY 21-22 Adopted	FY22-23 Projected	FY 23-24 Projected
Budgeted Expenses			
Additional Appropriation Requested			
Total Expenditures	0		
Funding Sources			
General Fund/WA GF			

State/Federal			
Fees/Other			
Use of Fund Balance			
Contingencies			
Total Sources	0		

Narrative Explanation of Fiscal Impacts:

There is a potential revenue impact of up to \$1,706.13 per month based upon the amount, if any, of the rent abatement granted due to noise issues. Through the term of the lease, until December 31, 2022, the revenue impact could be up to \$27,298 if the full abatement were to be granted. The Airport is currently on track to meet and exceed expected budgetary revenue numbers at this time. The potential of an abatement not to exceed \$27,298 would represent a minimal if any impact on the Airport operations budget. If necessary, this amount would be covered by the end of year unencumbered fund balance not programmed for future use.

Prior to any rent reduction due to noise or the square footage reduction rent was established at \$3,826.37 per month and has been reduced to \$3,412.25 currently based on the square footage reduction necessary for construction.

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)

Narrative Explanation of Staffing Impacts (If Required):

None.

Attachments:

None.

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

Second Amendment