



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 9/9/2014

Agenda Placement: 7P

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors

FROM: Steven Lederer - Director of Public Works
Airport

REPORT BY: Kathy Wagenknecht, Staff Services Analyst II - 259-8683

SUBJECT: Approval of lease agreement with McCann, Inc., dba Patrick's Restaurant Bar and Grill

RECOMMENDATION

Director of Public Works requests approval of and authorization for the Chairman to sign an agreement with McCann, Inc. for the purpose of operating a business known as "Patrick's Restaurant Bar and Grill" to be located in a portion of the Napa County Airport Administration Building based on a rental rate of \$5,000 per month for the term October 1, 2014 through September 30, 2015 with two option terms.

EXECUTIVE SUMMARY

Approval of the lease agreement with McCann, Inc. is being requested for the purpose of operating a business known as "Patrick's Restaurant Bar and Grill" to be located in a portion of the Napa County Airport Administration Building. The initial term of the agreement is October 1, 2014 and will on expire September 30, 2015. Terms of the lease will allow for early possession to begin tenant improvements and perform necessary inspections. The lease term also includes a four year option period followed by an additional five year option period.

FISCAL IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	No
What is the revenue source?	Rental income will be received from McCann, Inc. for the purpose of operating a restaurant at the Napa County Airport.
Is it Mandatory or Discretionary?	Discretionary

Discretionary Justification:	The Napa County Airport has been without a restaurant for several years. A new restaurant will be a welcome addition and will increase revenues for The Napa County Airport.
Is the general fund affected?	No
Future fiscal impact:	The Lessee has the right to extend the terms of the lease with two option terms. The rental rate after the first year of the lease would be \$5,000 per month with an annual increase based on the Consumer Price Index.
Consequences if not approved:	The original Jonesy's Steak House was located at the Napa County Airport since 1949. Since its closure, the community has expressed disappointment that there is no longer a restaurant located at the Napa County Airport. If the lease is not approved, the Napa County Airport budget would not benefit from an increase in revenues beginning at \$24,000 during FY 2014/15 and increasing to over \$60,000 per year.
Additional Information:	During the first year of the agreement, the monthly rental rate of \$5,000 will be reduced taking into account the required tenant improvements set forth in Section 12 of the lease agreement. Rental revenue the first year of the agreement (October 1, 2014 - September 30, 2015) will total \$37,500 or \$24,000 for the 2014-2015 Fiscal Year.

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

The Napa County Airport's restaurant, formerly known as Jonesy's, has been vacant since September 2010. Staff believes that McCann, Inc. will be an asset to the Napa County Airport, bringing their already successful business and restaurant experience to this new restaurant. "Patrick's Restaurant Bar and Grill" will be located in a portion of the Napa County Airport administration building, in the same location as the former restaurant.

If approved, the lease with McCann, Inc. would commence on October 1, 2014 for one year with two additional option terms. The lease space includes 7,185 square feet of restaurant dining, bar, lunch counter, food preparation, storage and office areas. Also included is an outside wash/service area and 2,002 square feet of the non-exclusive use of the entryway, lobby and restrooms of the Administration Building. Patrick's Restaurant Bar and Grill will operate minimum hours during the first 60 days following lease execution. After 60 days, the lessee agrees to operate the restaurant during 11:30 a.m. to 8 p.m.. The lounge will be open from 10:00 a.m. until closing. A coffee shop menu will be available from 10:00 a.m. until 2 p.m. with coffee available as early as 9:00 a.m.

Taking into account all of the required tenant improvements, McCann, Inc. will be allowed to take early possession for beginning tenant improvements and performing necessary inspections and other related purposes. Also, the base rent of \$5,000 will be reduced to \$500 per month and will increase on a set schedule that will generate \$24,000 of rental income for the Napa County Airport during fiscal 2014-2015. The first option period begins on October 1, 2015 and the rent will be \$5,000 per month. On January 1 of the option term, the base rent will have a compounded annual increase based on the Consumer Price Index with a minimum of 3% and maximum of 5%. The second option period will begin on October 1, 2019 for an additional five years. Rent during the second option

term will be the same as the final monthly rent of the first option period, and also includes a compounded annual increase.

A presentation by Patrick McCann, President of McCann, Inc. regarding this proposal was made before the Napa County Airport Advisory Commission (AAC) on July 7, 2014. On September 8, 2014, the AAC passed a motion recommending execution of this agreement by the Napa County Board of Supervisors.

This lease was prepared in accordance with Government Code Section 25536(a). Given the interest in seeing the continued use of the facility for a restaurant, the lease was negotiated absent a public bidding process as permitted by Government Code Section 25536(a), thus, approval by four-fifths vote is required.

SUPPORTING DOCUMENTS

None

CEO Recommendation: Approve

Reviewed By: Helene Franchi