



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY EXECUTIVE

File #: 22-244

Board Meeting Date: 4/5/2022

Special Notice/Hearing: None
Vote Required: 4/5

To: Honorable Board of Supervisors

From: Michael P. Callagy, County Executive

Subject: Amendment to Agreement with Thieves' Market, LLC for the Leasing and Use of Restaurant Space at Half Moon Bay Airport, (Lease No. 5405)

RECOMMENDATIONS:

Adopt a resolution authorizing:

- A) The President of the Board of Supervisors to execute the First Amendment to Restaurant Concession Agreement with Thieves' Market, LLC for the leasing of approximately 1,442 square feet of restaurant and office space, and non-exclusive use of the common areas, including approximately 227 square feet of lobby area, approximately 296 square feet of restroom area, approximately 2,136 square feet of outside seating area, and the landscaped area adjacent to the front entry, at the Half Moon Bay Airport, also known as Assessors' Parcel Number 037-292-030, for the continued term through October 31, 2024, with updated Base Rent, Utility Charges, Rental Adjustments, Tenant Improvements, and Trash, Recycling, and Compost Removal; and
- B) The Director of Public Works or the Director's designee to execute notices, options and documents associated with this Agreement and non-substantive additions, clarifications and amendments to this Agreement after consultation with County Attorney.

BACKGROUND:

Thieves' Market, LLC has leased the restaurant and office space located at Half Moon Bay Airport since 2019. It is used for the purpose of operating, managing, maintaining, and improving the restaurant and certain common areas of the Airport. Thieves' Market, LLC has the obligation and exclusive right to sell food and beverages at the Half Moon Bay Airport ("Airport" or "Premises"). The existing Agreement is set to expire on October 31, 2024 (with an option to extend for five years), but the Parties wish to amend the Base Rent, Utility Charges, Rental Adjustments, Trash, Recycling, and Compost Removal, and Tenant Improvements of the Agreement before it expires.

DISCUSSION:

Real Property Services has negotiated the Base Rent in Section 4.2 of the Agreement to be reduced from \$2,332.00 to \$2,241.10 per month retroactive to November 5, 2019. This change reflects the reduced outdoor seating area.

The Utility Charge in Section 4.3 of the Agreement shall be amended such that there are no utility payments due from the Commencement of the Agreement through June 30, 2021. Beginning July 1, 2021, the Utility Charge shall be one thousand dollars (\$1,000.00) per month for the first 120 days after July 1, 2021. Beginning 120 days after July 1, 2021, the Utility Charge owed shall be two thousand four hundred dollars (\$2,400.00) per month.

Also, the Rental Adjustments in Section 4.6 of the Agreement shall be amended such that beginning July 1, 2021, and on the 1st day of July of each year of the Term of the Agreement, including an Extended Term or holdover period, the Base Rent for the following twelve-month period shall be increased to one hundred three percent (103%) of the Base Rent, rounded to the nearest dollar for the lease year preceding such Adjustment Date.

Additionally, the Trash, Recycling, and Compost Removal outlined in section 10 shall be amended to require the tenant to provide trash, recycling, and compost removal, meeting County requirements, at its sole expense.

Lastly, Section 5.2 of the Agreement shall be amended to remove the 90-day requirement for tenant improvements. Reimbursement for improvements may still be granted outside of the 90-day period.

County Attorney has reviewed and approved the Lease as to form. The Director of Public Works concurs in this recommendation.

FISCAL IMPACT:

Revenue generated from Thieves Market at the Half Moon Bay Airport is estimated to be \$29,293.20 annually and will be deposited into the Airports' Enterprise Fund. There is no impact to the General Fund.