

# Second Amendment to Lease for 2501 Monarch Street, Suite 200 with Faction Brewing LLC

March 19, 2024



# 2501 Monarch St, Suite 200: Background



- Suite 200 is approximately 32,500 square ft. of space in Building 22, a historic hangar along Spirits Alley at Alameda Point with two suites
- In 2012, Faction became the first brewery at Alameda Point, entering a 5-year, 3-month lease with the City of Alameda (City)
- In 2018, Faction and the City entered into a new 10-year lease that includes two 10-year extension options

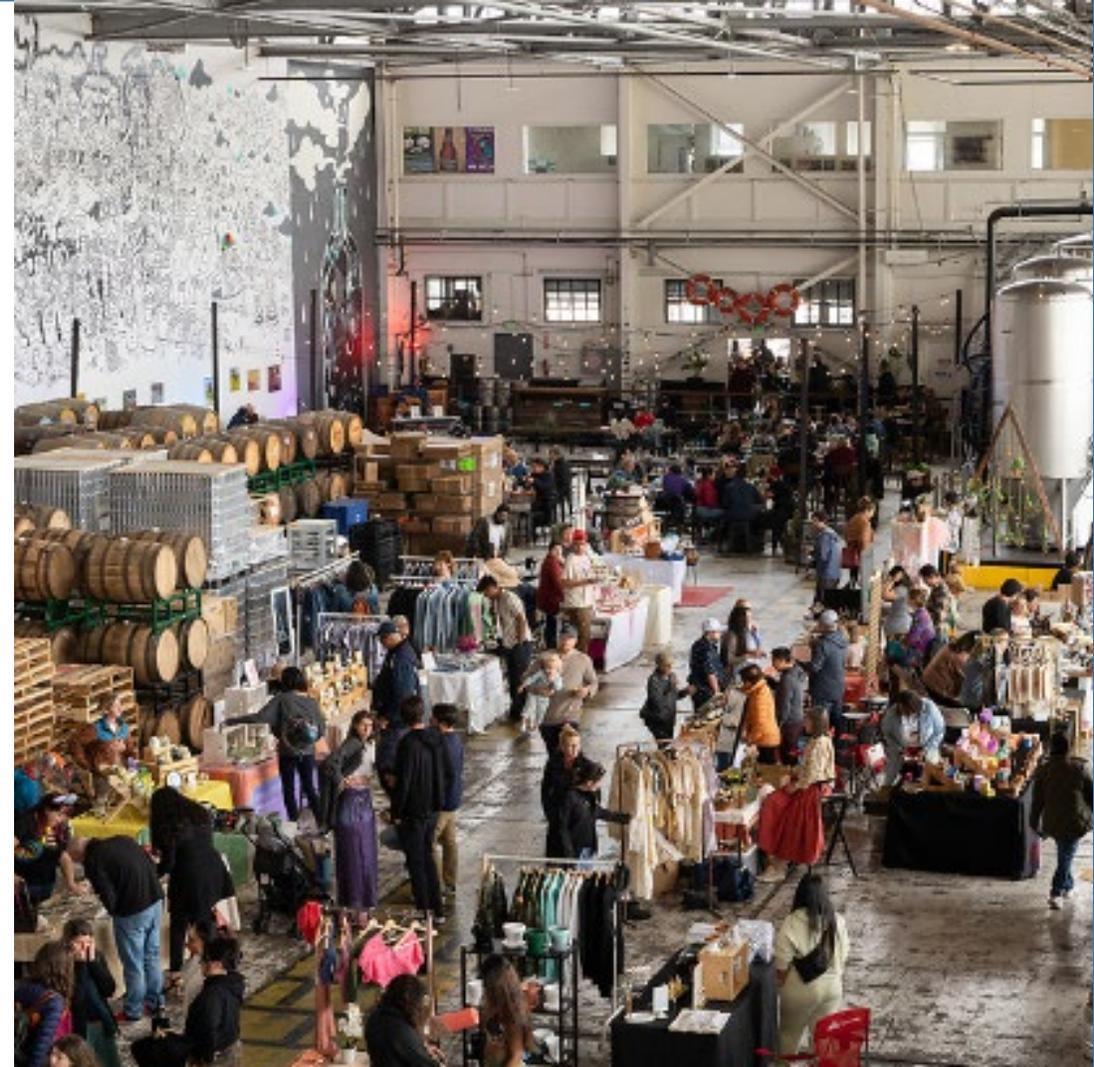
# Background (cont'd)

- In March 2020, COVID-19 and Shelter In Place Order had major financial impacts on businesses like Faction, who rely on revenues from tasting room sales and events.
- In October 2020, Faction and seven other Spirits Alley tenants received assistance through a City Council approved rent deferral and relief program:
  - 9-month deferral
  - 3-year repayment
  - Tenants eligible for up to 6 months rent credit over the 3 year repayment period if repayments made on time
    - Faction repaid deferred in 12 months, two years early.
- January 2024, Faction proactively approached City requesting 3-month deferral
- Deferral would help offset compounding financial impacts from short summer, wet winter (2023-4), rerouting of traffic for road infrastructure improvements, and concurrent Property Taxes, Storm Water Utility Fees, and Flood Protection Fees.
- Faction anticipates significant increase in revenues when business picks up in warmer months

# Proposed Lease Amendment

- Proposed Second Lease Amendment:
  - Deferred rent period: February-April 2024
  - 3 months of Deferred Rent: \$70,078.11
  - Repayment period May 2024-April 2025
  - Repayment Schedule: Base rent plus \$5,839.84 per month until repaid
  - No interest payments
- Faction anticipates seasonal increased revenues, enhanced by Spirits Alley marketing, partnership with St George's for Head West markets, and other scheduled events.

Photo: Indoor Market at Faction



# Staff Recommendation

Introduce an ordinance authorizing the City Manager to execute a second amendment to the Lease with Faction Brewing for a three-month rent deferral and subsequent twelve-month deferred rent repayment schedule.