

To: Honorable Mayor and Members of the City Council

From: Jennifer Ott, City Manager

Date: February 29, 2024

Supplemental Memo regarding 7-C on the March 5, 2024 City Council Agenda (2024-3810)

SUPPLEMENTAL INFORMATION

This memo is being provided to provide clarifications to the staff report already published for the March 5, 2024, City Council meeting. Introduction of Ordinance Authorizing the City Manager to Execute a Lease for a Portion of Building 22 with Gold Bar Spirits Company Inc. (Gold Bar), Located at 2505 Monarch Street, at Alameda Point, Alameda California.

- The parking area located along the Monarch Street frontage of Building 22, depicted below, is non-exclusive to the tenant and available for public use. This graphic is included in the lease as Exhibit A-1 and is included with this memo for ease of access.
- The draft lease agreement stipulates that Gold Bar will proceed through the City's established Use Permit process for approval of proposed exterior improvements to the Premises, that may include additional decorative screening, currently tentatively proposed as stacked barrels in keeping with the Spirits Alley theme. These improvements are to help visually conceal the operations activities, garbage and recycling enclosures along the south side of the building.
- The Base Rent for the first year of the lease is \$1.05 per square foot (\$34,125 per month) and in year two it increases to \$1.10 per square foot (\$35,750 per month), with subsequent annual escalations, as reflected in the staff report. The table within the staff report's Financial Impact Section titled "Revenue to City Net Rent Credit" is correct and reflects the net rents after the proposed rent credit is applied, rather than the gross, pre-credit rents as articulated here.
- The allocation of the negotiated rent credit (total maximum value of the of \$368,000) has been revised. The amount of the credit is the same, but the finalized lease agreement signed by Gold Bar reflects a Physical Improvement Credit with a value of \$268,000, and maximum Contingency Credit of \$100,000 over the first year of the lease, for a combined total of \$368,000.
- An independent assessment of Gold Bar Spirits Inc.'s financial strength was performed as part of the City's proposal review process. Review of financial information provided to the City's consultant indicated strong 2023 sales revenues and capacity to expand and invest in a new facility and ability to meet financial commitments. Further, Gold Bar Spirit's products are found in major on-line and brick and mortar retailers and purveyed by a major wine and spirits distributor.

Respectfully submitted,
Abigail Thorne-Lyman, Base Reuse and Economic Development Director

