

From: [Lance Winters](#)
To: [City Clerk](#)
Cc: [Nanette Mocanu](#)
Subject: [EXTERNAL] State of the union
Date: Monday, October 5, 2020 3:19:39 PM

Dear Esteemed Council Members,

As a proud Alameda business, we've been working hard for four decades to grow our business from a one and a half person operation to nearly thirty employees. The craft spirits industry is heavily reliant on introducing our products to the consumer through our tasting room as well as bars and restaurants. At the beginning of the COVID lockdown, just over 50% of our revenue came from bar and restaurant sales. That channel of sales is now essentially gone, and our tasting room is closed down, with no solid date for it to return, or any solid path for us to make up those losses. We are at a crucial juncture in our history as a company, with a need to protect our team members and prevent a cascading economic catastrophe. One of the few safety nets available to us is rent deferral and forgiveness. I ask you to please consider this option to preserve Spirits Alley, the businesses that make Alameda Point a truly unique and desirable destination for Alamedans and world travelers alike.

Thank you,

Lance Winters

Lance Winters
President & Master Distiller
[2601 Monarch Street, Alameda, CA 94501](#)
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510-769-1601



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From: [Shauna Rosenblum](#)
To: [City Clerk](#); [Tony Daysog](#); [Jim Oddie](#); [Malia Vella](#)
Cc: [Debbie Potter](#); [Nanette Mocanu](#)
Subject: [EXTERNAL] Rock Wall Wine Company
Date: Monday, September 28, 2020 3:24:05 PM
Attachments: [We sent you safe versions of your files.msg](#)
[City Council .pdf](#)

Mimecast Attachment Protection has deemed this file to be safe, but always exercise caution when opening files.

Dear City Council Members,

I hope you are all quite well.

Attached is my letter regarding the Loan Conversion Program and/or deferred rent plan, for Rock Wall Wine Co. and the businesses of Spirits Alley.

If you folks have any questions, or would like to discuss our requests and suggestions, I am available via email or zoom.

Thank you for your consideration in this matter.

Stay safe.

Best,
Shauna

Shauna Rosenblum
Winemaker/ President
Rock Wall Wine Company
2301 Monarch Street
Alameda, CA 94501
(510) 333-9093 mobile

Rock Wall
Wine Company

Dear City Council Members,

I want to start by saying that we appreciate that you folks are under a monumental amount of stress coming from every direction with businesses in need of help.

COVID-19 could have represented the “end of an era” on Spirits Alley if the city had not stepped up and offered to help the businesses of Spirits Alley make it through this crisis.

That said, the six months of rent abatement would be helpful, but still not enough help to save businesses that have lost six months of revenue. The amended plan for nine months of rent deferral will not be enough help for businesses to survive.

Essentially, we lost six months of revenue through no fault of our own. Recovery and return to profitability will take a long time in the best scenario. To require us to make up the six months rent for which we had little offsetting revenue will very likely sink our business.

A combination of the two plans could make all the difference in having Rock Wall and Spirits Alley survive this crisis.

Rock Wall would like to request the six months of rent abatement via the Loan Conversion Program in addition to three months of rent deferral.

Rock Wall was one of the first businesses to commit to Alameda Point in 2008. Since 2008 Rock Wall has generated considerable revenue for the city through our payment of rent and sales taxes.

Since our inception, Rock Wall has paid more than \$2,500,000 in rent to the city. In addition, Rock Wall has generated an average

of \$1.5 million in payroll and has contributed an average of \$160,000 in sales tax annually. Over the past decade that equates to \$1.6 million in sales tax and over \$15,000,000 in salaries and benefits.

Businesses like Rock Wall were forced to close on March 16th under State and Local Guidelines. We had 85 employees = 31 FTE, at the time we were forced to close due to the COVID-19 pandemic.

While we have been able to run a drive-thru pick up for customers to order wine online, our business has come to a standstill. Our business is 95% Direct to Consumer with wine sold through our Wine Club and the Tasting Room.

Since March of this year, our revenue has plummeted by \$1,018,197 (42%) compared to the same period in 2019. Even as we are now reopening the Tasting Room, we anticipate far lower revenues due to customer reluctance and continued restrictions on operations, and increased operating expenses required to meet social distancing and cleaning requirements.

The other portion of our business that creates revenue is the Events Department, which saw a 100% decrease, without our ability to host any gatherings at all. Every wedding, corporate meeting, and Rock Wall promotional event for 2020 had to be canceled along with any associated revenue.

At this point, gatherings the size of our typical events are still prohibited in Alameda County, and we hope 2021 allows Events to return to Rock Wall, as they represent a sizeable portion of our income.

The city's proposed Loan Conversion Program had similarities to the Federal PPP Loan, which offers loan forgiveness for those

businesses that reinstate employees at pre-COVID levels, but also for those that qualify for a safe harbor available to businesses that cannot return to pre-COVID employment levels because of state or local regulation restricting the activities in which employees were previously engaged. This approach, of taking into account whether a business is allowed to operate at pre-COVID levels, is imperative to businesses recovering successfully.

This is especially true in Rock Wall's case—ongoing restrictions limiting our activities going forward will not only restrict our ability to rehire, but will make paying rent difficult even without the additional charge for deferred rent. We therefore request that the Loan Conversion Program enable forgiveness of the debt if the tenant is unable to reinstate its employees at pre-COVID levels due to continued restrictions on its operations.

I understand the amended plan for nine months of rent deferral is preferable to the City and Council, as you folks have overhead and bills to pay, and we are your source of income. This is understandable.

However, the amended plan for nine months of rent deferral is not actually helpful to the businesses of Spirits Alley in the long run. This approach will encourage businesses to limp along (if they can) until the end of their Lease Agreement. But with the burden of making up past rent for a period during which there was little opportunity for revenue, they will need to offset this increased cost by raising prices or reducing quality, rendering them uncompetitive and likely causing them to abandon Alameda Point. We think the result for the city will be a big net negative, losing tax revenue, rents, local jobs and a unique retail amenity.

There has been an exodus of tech businesses from the Bay Area. Locally, we saw the exit of Google from Alameda Point. This is to

say that the momentum of doing business in the Bay Area has slowed considerably due to COVID restrictions, and the demand for airplane hangars may not be what it once was.

Every business is a contributing factor to the ambiance that made Alameda Point special, and attractive to developers and builders, and potential home buyers with families who will attend Alameda Schools and spend money in the community.

That said, Rock Wall respectfully asks that you consider our request for the six months of rent abatement via the Loan Conversion Program in addition to the three months of rent deferral, which could be paid back over the duration of the Lease.

For Rock Wall, that would mean we return to paying full rent on March 1, 2021, with Dec, Jan and Feb as our deferred rent that must be paid back by the end of our Lease Term. We are still paying the Property Taxes on the Building we have leased, which we hope helps the city recover as well.

A combination of the two plans could make all the difference in having Spirits Alley survive this crisis.

We hope to continue to work with you folks to make sure that the Alameda Point business community is on track with everything our pre-COVID trajectory aimed for.

Thank you very much for your consideration. I am available for a meeting if anyone would like to discuss my suggestions further.

All my very best,
Shauna Rosenblum and the Rosenblum Family