

TO: James L. App, City Manager

FROM: Meg Williamson, Assistant City Manager

SUBJECT: Airport Restaurant - Amendment to Equipment Purchase Agreement

DATE: April 16, 2013

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Needs: For the City Council to consider an amendment to the equipment purchase agreement with LaGuardia's restaurant at the airport.

Facts:

1. The City's Airport Restaurant tenant, LaGuardia's Homemade Since 1912 (Lou LaGuardia) has been open for business since December, 2012.
2. The 5-year market rate lease with LaGuardia's included some start-up assistance in the form of an Equipment Purchase agreement. In that agreement, the City purchased approximately \$6,900 in kitchen equipment necessary for restaurant operations. That equipment remains the City's property at the conclusion of the lease.
3. Mr. LaGuardia recently approached the City with a proposal to expand the Equipment Purchase agreement to include four additional pieces of equipment at a value of approximately \$8,400.
4. The City Council ad hoc airport lease committee (John Hamon and Ed Steinbeck) reviewed the request at their meeting of April 3, 2013. They are unanimous in their support to amend the equipment purchase agreement per LaGuardia's request.

Analysis &  
Conclusion: The establishment of a successful restaurant within the vacant terminal space has been a key business goal for the City's Airport enterprise. LaGuardia's has been open since December 2012, and the restaurant activity has been very positive for the airport.

Mr. LaGuardia's lease is in good standing, with lease payments being made on time. He has incurred business startup costs (tenant improvements, supplies, etc...) that are in the area of \$60,000. The expansion of the equipment purchase agreement would enable LaGuardia's some additional working capital during the challenging early stages of the restaurant's opening.

Policy  
Reference: Council 2008-2011 Goals (Goal - C3) to develop the Airport and improve/expand general aviation, commercial and visitor service.

Fiscal  
Impact: The total annual income stream to the Airport enterprise from this lease is approximately \$19,700. The combined equipment purchase expenditure of \$15,300 (\$6,900 and \$8,400 respectively) would be recovered fully within the first year of rent payment.

Options:

- A. Adopt the attached Resolution 13-XXX authorizing the City Manager to amend the equipment purchase agreement for LaGuardia's Restaurant; or
- B. Amend, modify, or reject the above option.

Attachments: Resolution 13-XXX authorizing amendment to equipment purchase agreement

RESOLUTION NO. 13- XXX

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES  
AUTHORIZING AMENDMENT TO THE EQUIPMENT PURCHASE AGREEMENT WITH  
LAGUARDIA'S HOMEMADE SINCE 1912 (LAGUARDIA'S)

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WHEREAS, a vibrant, successful restaurant operator within the airport terminal is a key business goal for the City's Airport enterprise; and

WHEREAS, in September 2012, the City Council authorized a lease and service concession agreement with LaGuardia's Homemade Since 1912 (LaGuardia's); and

WHEREAS, the 5-year market rate lease with LaGuardia's included some start-up assistance in the form of an Equipment Purchase agreement, where the City purchased approximately \$6,900 in kitchen equipment necessary for restaurant operations; and

WHEREAS, LaGuardia's has proposed to expand the Equipment Purchase agreement to include four additional pieces of necessary kitchen equipment at a value of approximately \$8,400; and

WHEREAS, all equipment purchased under such an agreement will be used by the tenant in the delivery of day to day restaurant service, but will remain the City's property after conclusion of the lease; and

WHEREAS, the LaGuardia's lease is in good standing and the expansion of the equipment purchase agreement will provide LaGuardia's with additional working capital during the challenging early stages of the restaurant's opening.

NOW THEREFORE BE IT HEREBY RESOLVED that the City Manager is authorized to amend the Equipment Purchase agreement with LaGuardia's Restaurant to include an additional \$8,400 in kitchen equipment.

PASSED AND ADOPTED this 16<sup>th</sup> day of April, 2013, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

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Duane Picanco, Mayor

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Caryn Jackson, Deputy City Clerk