



County of Monterey

Item No.

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Legistar File Number: 24-691

October 22, 2024

Introduced: 10/15/2024

Current Status: Agenda Ready

Version: 1

Matter Type: General Agenda Item

- a. Approve and authorize the Contracts and Purchasing Officer to execute a four (4) year Concession Lease Agreement based on selection criteria set forth in RFP#10859, effective upon execution with Alvarez Brothers and Sons, LLC for cafeteria space located at 1441 Schilling Place, Salinas, California (commonly known as the Schilling Place Café) for a minimum base rent of \$670 per month, plus a twenty (20%) percent commission fee based on annual net sales revenue; and
- b. Authorize the Contracts and Purchasing Officer, PWFP-Real Property Specialist, and Assistant Auditor-Controller (collectively) to conduct an annual review of the annual net revenue and make adjustments to the commission fee in the best interest of the County; and
- c. Authorize the Contracts and Purchasing officer to exercise the option to extend the Concession Lease Agreement for one (1) additional four (4) year period in accordance with terms and conditions set within the Agreement.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approve and authorize the Contracts and Purchasing Officer to execute a four (4) year Concession Lease Agreement based on selection criteria set forth in RFP#10859, effective upon execution with Alvarez Brothers and Sons, LLC for cafeteria space located at 1441 Schilling Place, Salinas, California (commonly known as the Schilling Place Café) for a minimum base rent of \$670 per month, plus a twenty (20%) percent commission fee based on annual net sales revenue; and
- b. Authorize the Contracts and Purchasing Officer, PWFP-Real Property Specialist, and Assistant Auditor-Controller (collectively) to conduct an annual review of the annual net revenue and make adjustments to the commission fee in the best interest of the County; and
- c. Authorize the Contracts and Purchasing officer to exercise the option to extend the Concession Lease Agreement for one (1) additional four (4) year period in accordance with terms and conditions set within the Agreement.

SUMMARY/DISCUSSION:

The Schilling Place “Café” is designed to fully serve the food and beverage needs of all County visitors having business within the facility as well as employees working within the Schilling Place Campus. The Café concession area is 3,281 square feet comprised of cafeteria kitchen production area and cafeteria service area.. The goal of the Cafe is to provide healthy, affordable, and enjoyable food options for breakfast, lunch, and snacks. Along with serving County employee’s campus-wide, it is anticipated that the Cafe will also receive patronage from County Departments within the facility, as well as surrounding businesses looking for variety

from the limited options existing within the surrounding area. The Schilling Place Cafe is intended to be a positive benefit for employees/patrons of the building and a place where people are excited to eat.

Through the competitive RFP process the County selected “Alvarez Brother and Sons, LLC.”, (referred to as “ABS”) as the most qualified Contractor capable of fulfilling the requirements of the RFP with a high level of quality food service experience and with the level of experience capable of providing the Café patrons with a wide variety of specialties prepared fresh daily from scratch.

Approval of the recommended action will enable the County to assure a reliable source of food service is provided and made available within the referenced facility.

The lease term will commence upon execution, and expire on October 31, 2028. The Concession Lease Agreement provides for a one (1), four-year extension option, and a 2.5% annual base rent increase. Either party may terminate the lease within the lease term upon sixty (60) days written notification. Base rent is \$670 per month and includes electric, gas and water utilities. Concessionaire is responsible for garbage and janitorial services, and general maintenance, inspections and repairs for the Café’s concession area.

The lease includes provisions to allow the County to perform fiscal accounting reviews and audits, and to use the Café’s indoor and outdoor seating areas for County functions. The lease also includes provisions to allow ABS to create a business relationship with Rancho Cielo Culinary Academy and/or Amor Acres a medical meal preparation company, subject to acceptable terms and conditions.

OTHER AGENCY INVOLVEMENT:

PWFP partnered with Contracts and Purchasing to develop and negotiate the Concession Lease Agreement and assisted with the development of this Report, The Office of the County Counsel reviewed and approved the Concession Lease Agreement as to form and legality, and as to insurance and indemnity. The Auditor/Controller’s Office has reviewed and approved the Concession Lease Agreement as to fiscal and auditing provisions.

The Contracts and Purchasing Officer, PWFP-Real Property Specialist, Assistant Auditor Controller, and the Concessionaire will perform an annual accounting review of the leasing relationship and adjust the commission fee to foster the fiscal sustainability success of the Concessionaire, and the County’s fiscal responsibility to obtain a fair return on its real estate assets.

FINANCING:

There is no fiscal impact to the General Fund resulting from approval of this Concession Lease Agreement. The \$8,040 in annual base rent and other fees collected will be utilized to help maintain the facility and associated costs.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

This action will help ensure the timely provision of necessary services to all County Departments and the general public at the County’s Schilling Place Complex. Provide an opportunity to create partnerships with non-profit organizations within Monterey County such

as Rancho Cielo Culinary Academy, and Meals on Wheels.

Economic Development

Administration

Health & Human Services

Infrastructure

Public Safety

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Approved by: Shane Strong, Deputy County Counsel

Approved by: Debra R. Wilson, PhD, Contracts and Purchasing Officer

Approved by: Lindsay Lerable, Assistant Director, Public Works, Facilities & Parks

Attachments:

Attachment A - Concession Lease Agreement

Attachment B - Location Map

(Attachments on File with the Clerk of the Board)