



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: JANUARY 8, 2019**

FROM: GENERAL SERVICES DEPARTMENT **WARD: 3**

SUBJECT: ASSIGNMENT AND ASSUMPTION AGREEMENT OF RIVERSIDE MUNICIPAL AIRPORT TERMINAL BUILDING LEASE WITH DAVID PENNINGTON AND DELMY PENNINGTON DOING BUSINESS AS D & D AIRPORT CAFÉ AND LEIMAMO TAYLOR DOING BUSINESS AS RIVERSIDE AIRPORT CAFÉ

ISSUES:

Approve an Assignment and Assumption Agreement of the Riverside Municipal Airport Terminal Building Lease with David and Delmy Pennington doing business as D & D Airport Cafe and Leimamo Taylor doing business as Riverside Airport Café.

RECOMMENDATIONS:

That the City Council:

1. Approve an Assignment and Assumption Agreement of Riverside Municipal Airport Terminal Building Lease with David Pennington and Delmy Pennington doing business as D & D Airport Café and Leimamo Taylor doing business as Riverside Airport Café; and
2. Authorize the City Manager, or his designee, to execute the Assignment and Assumption Agreement of Riverside Municipal Airport Terminal Building Lease, including making minor and non-substantive changes.

BACKGROUND:

On July 19, 1995, the City Council approved a five (5) year lease agreement, with two (2) five (5) year options to extend, with David and Delmy Pennington doing business as D & D Airport Café (D & D – Lessees), to operate a restaurant known as D&D Airport Café at the Riverside Municipal Airport (Airport). D & D authorized their options to extend the lease on October 1, 2000 and on September 30, 2005.

On August 3, 2011, the City of Riverside (City) entered into a new five (5)-year lease with D&D Airport Café, with two (2) five (5) year options to extend the lease agreement. On August 2, 2016, D&D Airport Café exercised their first five (5) year option to extend the lease agreement.

DISCUSSION

The current Lessees have negotiated an Assignment and Assumption Agreement with Ms. Leimamo Taylor, who has agreed to assume the remainder of the lease agreement and wishes to rename the restaurant the Riverside Airport Café. The current lease agreement conditions will remain unchanged and are summarized below:

- Lease Term: The remainder of the first option of the lease agreement is for three (3) years, with one option to extend for an additional five (5) year period.
- Development Clause: Ms. Leimamo Taylor intends to perform minor tenant improvements to remodel the restaurant.
- Premises: The premises remains unchanged and consists of the existing restaurant and patio area at the Riverside Municipal Airport.
- Rent: Rent described below is consistent with the agreement approved by City Council on August 2, 2016:
 - Monthly rent: \$2,000, plus 6.75% of gross sales for two months prior to the reporting month. (This delay of percentage payment allows time for City accounting procedures to be completed.)

Past monthly rent payments have averaged approximately \$2,300. It is anticipated the total revenue to be collected over the remaining lease term will be approximately \$190,000.

Staff recommends approving this Agreement as it is in the best interest of the City to secure a restaurant providing the Riverside community, and pilots flying into the Riverside Municipal Airport, with an eating place that will continue to attract additional business to the Airport.

FISCAL IMPACT:

Estimated revenue for the remaining eight (8) years of the original lease agreement will total approximately \$190,000, to be deposited in the Airport Building and Ground Rental account 0000530-346120.

Prepared by:	Carl Carey, General Services Director
Certified as to the	
Availability of funds:	Edward Enriquez, Chief Financial Officer/City Treasurer
Approved by:	Moises Lopez, Deputy City Manager
Approved as to form:	Gary G. Geuss, City Attorney

Attachment:	Assignment and Assumption Agreement
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