



**DATE:** June 30, 2020

**CATEGORY:** Consent

**DEPT.:** Public Works

**TITLE:** **Amendment of Savvy Cellar Wines, Inc., Lease**

### **RECOMMENDATION**

Authorize the City Manager to execute an amendment to the lease with Savvy Cellar Wines, Inc., to allow for temporary expansion of the outside seating area.

### **BACKGROUND**

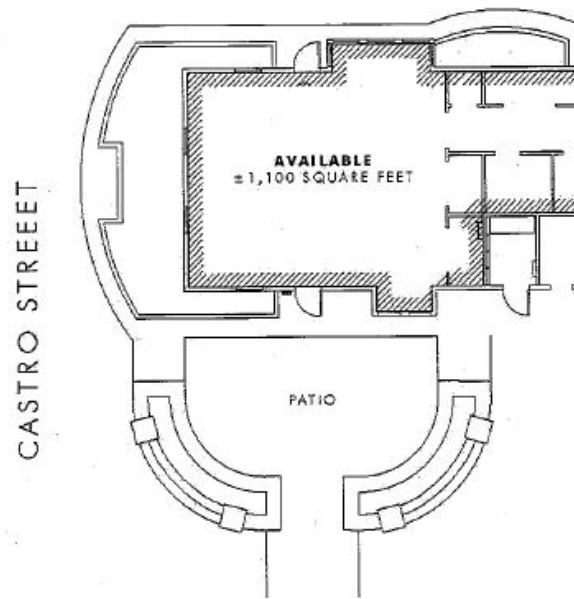
On September 15, 2015, the City Council authorized the City Manager to execute a lease of 1,100 square feet of space in the Centennial Plaza Train Depot to Holly and John Orchard, doing business as Savvy Cellar Wines, Inc. (Savvy Cellar) (Figures 1 and 2). Savvy Cellar operates a wine bar for on-site food consumption and light food service, retail sales for off-site consumption, and other uses, including private events and wine education classes. The lease expires in November 2024. Savvy Cellar's current monthly rent to the City is \$2,976. Rent is adjusted on each anniversary of the lease based on the Consumer Price Index (CPI).

Savvy Cellar was closed to on-site dining and retail sales on March 17, 2020 in compliance with the Santa Clara County COVID-19 shelter-in-place order. Savvy Cellar requested rent relief for April, May, and June 2020, and on April 14, 2020, the City approved a rent deferral through June 30, 2020.

The County's shelter-in-place order was modified effective June 5, 2020 to allow food establishments to seat customers only outside with a minimum of 6' distance between each table. Savvy Cellar typically seats 35 customers inside and 30 customers on the patio. Under the current shelter-in-place requirements, Savvy Cellar is able to seat a maximum of 12 customers.



**Figure 1 – Savvy Cellar Location on City-Owned Parcel**



**Figure 2 – Savvy Cellar Leased Space**

## ANALYSIS

Savvy Cellar has been financially impacted by the Santa Clara County shelter-in-place restrictions on food establishments. From March to May 2020, the business's only source of income was from to-go food orders. When Savvy Cellar opened outdoor dining in June 2020, the number of customers far exceeded the limited patio seating available. The tenant is requesting that the City temporarily allow them to use additional space on Centennial Plaza outside of the current leased space. This additional space would allow Savvy Cellar to place up to six more two-person tables spaced 6' apart.

Savvy Cellar is aware of the upcoming closure of Castro Street. However, this business does not front the closed portion of Castro Street, and the tenant is concerned that customers will not want to cross Evelyn Avenue with their food and beverage to look for open seating. The addition of 12 extra seats on Centennial Plaza will allow Savvy Cellar to operate at a sustainable level until the shelter-in-place order is fully lifted and business can resume at full capacity.

Due to the decrease in transit ridership at this time, the pedestrian activity through Centennial Plaza is light. Staff has determined that there is adequate outdoor space available for the tenant to set up these tables and maintain social distancing for both Savvy Cellar patrons and pedestrians passing by. The designated area for temporary use will be defined in the lease amendment.

Staff recommends approval of the Savvy Cellar lease amendment to temporarily expand the outdoor seating area until the restaurant may resume normal operations. Should pedestrian traffic from the Transit Center through Centennial Plaza increase, substantially affecting social distancing, the lease amendment would be modified or terminated.

### **FISCAL IMPACT**

There is no fiscal impact to the lease amendment allowing Savvy Cellar to temporarily expand its outdoor seating area. Savvy Cellar's current annual rent will remain unchanged.

### **ALTERNATIVES**

1. Do not authorize the City Manager to execute the lease amendment with Savvy Cellar Wines, Inc.
2. Provide other direction.

### **PUBLIC NOTICING**

Agenda posting and a copy of report to Holly and John Orchard.

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cc: RPPA, BDS