



**MEMORANDUM
FACILITIES MANAGEMENT
REAL ESTATE SERVICES DIVISION**
County of Placer

TO: Honorable Board of Supervisors DATE: January 26, 2021
FROM: Steve Newsom, Director of Facilities Management
By: Ferrin Call, Project Manager
SUBJECT: Real Estate Services / Rent Adjustments for County Commercial Tenants
Affected by COVID-19 Emergency

ACTION REQUESTED

Authorize the Director of Facilities Management, or designee, to continue to waive and/or renegotiate rent for existing County commercial tenants who due to COVID-19 related restrictions were required to close their business, were restricted to limited operations, and/or have demonstrated a financial hardship based on the Rent Adjustments Schedule (Attachment A) for the period of January 1, 2021, through June 30, 2021, at a total amount not to exceed \$50,000.

BACKGROUND

On March 19, 2020, Governor Gavin Newsom issued a statewide stay-at-home order (Executive Order N-33-20), requiring California residents to stay home thereby closing nonessential businesses. Since that time, various State actions have restricted the operations of businesses in Placer County, as more fully described in Placer County Board of Supervisors Resolution No. 2020-194. Certain businesses were required to close entirely, while others were restricted to outdoor operations or otherwise subject to significant limitations on their business activities.

The County has 21 commercial tenants, and many have experienced economic impacts due to the State's actions. After being approached by impacted commercial tenants, Real Estate Services offered rent deferrals without the obligation to pay late fees or interest to County tenants who paid rent on a monthly basis. Eight commercial tenants completed the rent deferral process and were provided payment plans, which were finalized by six of the tenants.

Then, on September 22, 2020, your Board authorized the Director of Facilities Management to waive and/or renegotiate rent for existing County commercial tenants who demonstrated a financial hardship for the period of March 19, 2020 through December 31, 2020. Since that time, Real Estate Services has received rent waiver requests from eight tenants based on business closures or reduced revenue as further described in Attachment A.

As of December 31, 2020, Facilities Management has waived \$30,300 in rent and continues to work with commercial tenants experiencing financial hardship. Staff believes that many commercial tenants will continue to experience a loss of revenue until restrictions related to the Governor's March 19, 2020, Stay at Home Order and the California Department of Public

Health's December 3, 2020, Regional Stay at Home Order, along with its Supplemental Order, are lifted.

Most of the tenants who have requested waivers are located in Kings Beach and Tahoe City. The tenants have short-term leases which can be terminated. The loss of these commercial tenants would affect the economic vitality of the community. In consideration of current restrictions, Staff recommends the Rent Adjustments be continued for the period of January 1, 2021 through June 30, 2021 (Waiver Period) to support existing County commercial tenants as further described In Attachment A.

Staff will return to your Board as needed to report on the status of County commercial tenants and seek further authorizations and further budgetary adjustments if necessary. Staff proposes that rent waivers and/or renegotiations be continued through an application process and that applications be submitted for each month the tenant requests rent be waived.

If approved, your Board will be making a finding that the proposed commercial rent waiver and renegotiation program is in the public interest and provides multiple important public benefits, including economic development, neighborhood stability, and small business preservation.

ENVIRONMENTAL IMPACT

The proposed rent waiver and renegotiation program is exempt from environmental review under CEQA Guidelines Section 15301 (Existing Facilities).

FISCAL IMPACT

If the current restrictions continue, staff estimates a loss of up to \$90,000 in rent revenues from March 19, 2020, through June 30, 2021. Staff will return to your Board as needed in FY 2020-21 with recommended budget amendments to offset lost revenues.

ATTACHMENTS

Attachment A – Recommended Rent Adjustments

Recommended Rent Adjustments – Commercial Tenants

Condition No.	If Tenant:	Then County will:
1.	Was unable to operate due to State restrictions	Waive monthly rent for the Waiver Period that such restrictions were in place
2.	Has remained open or been allowed to re-open but demonstrates loss of gross revenues in comparison to the same period during the prior year (due to restrictions on operations or reduced business due to stay-at-home orders)	Waive portion of rent for the Waiver Period (base percentage reduction on lost revenues as compared to prior year)
3.	Deferred rent paid to County	Apply amount paid in excess of unwaived rent towards future rent
4.	Received grant funds to assist with payment of rent	Waive or reduce rent per Condition 1 or 2 in amount not covered by grant funds
5.	Terminated lease due to inability to operate due to State restrictions and desires to return to premises and renew lease	Renew lease and apply rent paid during Waiver Period that such restrictions were in place towards future rent

