

Carmichael

RECREATION AND
PARK DISTRICT

Memo

To: Advisory Board of Directors

From: Mike Blondino, District Administrator
Ingrid S. Penney, Administrative Services Manager

Date: April 16, 2020

Subject: La Sierra Community Center Leases –
A. Chautauqua Playhouse
B. Living Smart Foundation
C. MCS Preschool

Background/Discussion:

In the wake of the Coronavirus (COVID-19) pandemic local, state, and federal officials have issued executive orders and guidelines to mitigate the spread of the virus. These orders and guidelines have affected District and Lease tenants' programs and services.

The District has received requests to adjust/defer the total monthly rent from three tenants: Chautauqua Playhouse, Living Smart Foundation, and the MCS Preschool. Each entity has its own unique request based on their business model and finances. Attached are copies of their requests.

Tenant Information and Proposals:

Chautauqua Playhouse – Lease executed by the County of Sacramento

- Non-profit, providing adult and children's community theatre
- Tenant since 1985, lent support for the purchase of the La Sierra Community Center by the County of Sacramento for the District.
- Monthly Lease rent: \$2,510.02; represents less than 2.6% of total monthly lease revenue for the District
- Revenue: Subscriptions, individual ticket sales, and annual, nominal SAG grant

- Expenses: Lease, salaries for three employees, utilities, royalties' and production costs for plays, and other business expenses

Request: Monthly rent forgiveness for April and May or deferral over an extended period TBD.

Living Smart Foundation – Lease executed by the District

- Non-profit, providing community Farmers Markets
- Tenant of office and storage space since 2018; CP rental - Sunday Farmers Market over past 8 years
- Monthly Lease rent: \$592.90; represents .06% of the of total monthly lease revenue for the District
- Revenue: Booth space
- Expenses: Lease, salaries, permits, and other business expenses

Proposal: Defer monthly rent for April, paying 1/3 over the next three months in addition to May, June, and July.

MCS Preschool – Lease executed by the District

- CA Corporation, providing licensed preschool services
- Since December 2018, Tenant of classroom space with adjacent asphalt space and land for a modular classroom/trailer and shared outdoor space. Purchased the business from a former tenant.
- Monthly Lease Rent: \$5,779.14; represents 5.86% of total monthly lease revenue for the District
- Revenue: Fees/Tuition for preschool services
- Expenses: Lease, salaries, licensing, and other business expenses

Request: Monthly rental reduction of 30% from \$5,779.14 to \$4,045.39 for April and May.

Budget and Cash Flow

The FY2019-20 Budget includes projections of total monthly lease revenue of \$98,583.02, effective January 1, 2020; annual projection: \$1,157,221. The tenant proposals, if approved would affect the last quarter revenues for the District. District building rental and program revenue losses are offset by some operating expenditure savings.

RECOMMENDATION:

Staff recommends that the Advisory Board review and consider the proposals to either accept or modify the requests; direct staff to draft Addendums to the Leases accordingly; schedule a Special Meeting for follow up approval of the Addendums.



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Suite 110
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Carmichael CA 95608-7900

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tickets@cplayhouse.org
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Wednesday, April 8, 2020

Carmichael Recreation and Parks District

Carmichael, CA

Chautauqua Playhouse, a not for profit community theatre has been in business for 43 years. We have been a tenant of the La Sierra Community Center since 1985. We provide live stage productions that benefit the Carmichael area, along with the rest of Sacramento County and beyond.

Because of the Covid-19 pandemic and the mandatory closure of the La Sierra Community Center during March, April, and possibly May, the situation has put Chautauqua Playhouse in monetary crisis. We have not been able to produce our scheduled shows since late March and have totally cancelled two scheduled adult shows and one children's show. This has caused an unforeseen loss of income for the operations of the theatre.

The losses are many fold:

We are paying \$2,510.02 per month for the facility we cannot put to regular use.

We have a prepaid yearly subscriber base of approximately 650 patrons, who have already paid for the two shows we have cancelled. Our liability for having to refund the ticket income, if necessary, is approximately \$24,000.

Being closed, we also forfeit walk up (at box office) ticket sales of approximately \$12,000.

The bulk of our income comes in June, July and August from our annual subscription sales. April and May and June are our "low income" periods, because most of the subscription income has been expended. We will be expecting new income starting in June, but we have no idea of how many subscribers will renew or buy season subscriptions.

We have three salaried employees and three hourly part time employees that must be paid during the closure. We must also keep up payments of State Compensation, Federal taxes, EDD taxes, Social Security, etc. This amounts to approximately \$3300, plus our utility expenses (phone, internet, etc.)

Although we are exploring alternative ways of funding the theatre during the closure; grants, donations, SBA/PPP loans, there are no guarantees of receiving these additional funds.

At this time, we are requesting relief from our monthly rent payment to Carmichael Recreation and Parks District and County of Sacramento. If the rent cannot be forgiven for April and May (and any subsequent



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months that we cannot open for business), we request some sort of payment plan to defer the liability until we can become more solvent.

We are optimistic that we will be able to reopen on May 29 to open our production of "Pride and Prejudice", which has been postponed since March. We are confident that Chautauqua Playhouse will survive, despite this world crisis.

We thank you in advance for any assistance you can give us.

Sincerely,

Rodger Hoopman and Warren Harrison, Producers

Chautauqua Playhouse

From: [Marie Hall](#)
To: [Ingrid Penney](#)
Subject: Re: Living Smart Lease
Date: Wednesday, April 8, 2020 1:49:06 PM

Hello Ingrid-

Thank you for speaking with me today.

As I mentioned to you, the closure of the Carmichael Park Farmers Market and the effects of the covid-19 modifications required in our business has affected our income greatly.

Our revenue's are down 60% due to the Carmichael Park Farmers Market closure making it difficult to meet our lease obligation to the District.

We are not able to re-open the market in the the park until the District can and will allow it. Unfortunately, we are not able to re-open the market at the Districts' suggested alternate location at La Sierra Community Center in April due to the permitting and additional costs required.

Therefore, we would like to defer our lease payment for this month and propose to pay back the April outstanding rent over the next three months starting in June. In May we will pay our regular monthly payment and then in June we would pay the June payment along with 1/3 of the outstanding rent from April and again in a July and August to pay off the outstanding balance.

We hope to be able to fulfill this obligation especially if we are able to re-open the Carmichael Park Farmers Market in May.

We appreciate your assistance so very much and thank you for your help.

Let me know if this is doable.

Stay healthy and be safe. Thank you,

Marie V. Hall
Chief Executive Officer
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Montessori Children's School

P.O. Box 2287

Carmichael, CA 95609

Dear CRPD committee,

Due to the outbreak of Coronavirus, Montessori Children's School had to shut down its operation on Friday, March 20th. As a result of shutdown, our business is suffering massive financial losses, and we are looking for ways to reduce our expenses. One of the most significant expenses we have is the lease of our facilities, and considering the damages that our closure caused, we are asking for a consideration of reducing it for two months. As of today, our rent cost is \$5,779.14, and we are asking for a 30% discount for April and May, which will reduce it to \$4,045.39 and help us to allocate very limited funds on other essential needs during the ongoing crisis. We hope to reopen on May 1st but understand it will take us some time to regain the full capacity of the school and get back on our feet. Please consider our request. Just as many small businesses in our nation, we are going through something that no one could imagine. Thank you for understanding.

Kind Regards,

Oleg Brodovinskiy (Owner/CFO)