



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: JUNE 17, 2025

FROM: AIRPORT WARD: 3

SUBJECT: THIRD AMENDMENT TO RIVERSIDE MUNICIPAL AIRPORT LEASE AGREEMENT WITH THE RIVERSIDE AIRPORT CAFÉ TO ESTABLISH A TENANT IMPROVEMENT CREDIT, 5-YEAR PAYMENT PLAN, REVISED RENT RATE AND REVISED REVENUE SHARE RATE

ISSUE:

Approve a Third Amendment to the Riverside Municipal Airport Lease Agreement with the Riverside Airport Café to establish a tenant improvement credit, 5-year payment plan revised rent rate, and revised revenue share rate

RECOMMENDATIONS:

That the City Council:

1. Approve a Third Amendment to the Riverside Municipal Airport Lease Agreement with Riverside Airport Café, establishing a tenant improvement credit, 5-year payment plan, revised rent rate and revised revenue share rate; and
2. Authorize the City Manager or his designee to execute the Third Amendment to Riverside Airport Lease Agreement with the Riverside Airport Café, including making minor and non-substantive changes.

BACKGROUND:

On June 15, 2021, the City Council approved a Riverside Municipal Airport Lease Agreement (Agreement) for approximately 2,500 square feet of Terminal Building space with Leimamo Bishaw dba the Riverside Airport Café for a 10-year term with one five-year option to extend, in the minimum amount of \$276,958.

On January 5, 2022, the City Council approved a First Amendment to the Lease Agreement for additional restaurant seating area, increasing rent for the Lease term by \$28,500 to approximately \$305,458.

On April 18, 2023, the City Council approved a Second Amendment to the Riverside Municipal Airport Lease Agreement with the Riverside Airport Café to update the Percentage Monthly Rental calculation.

DISCUSSION:

In February 2025, the owner of the Cafe met with Councilmember Robillard and presented a proposal to reduce the Café revenue share and obtain relief for tenant improvements and past due amounts. Councilmember Robillard shared this proposal with airport staff and city leadership.

Airport staff thoroughly reviewed the Café's proposal, as well as a long-term review of the Café's financials. Airport staff developed recommendations to not only recognize the Café owner for the extraordinary efforts made at increasing traffic at the airport but also provide a more consistent monthly expense to the Café for both space occupied and gross receipts and consistent revenue to the airport based on Café operations.

The Café's proposal and staff recommendations were presented to the City Council during closed session on April 8. Staff recommendations included a (a) \$98,000 tenant improvement (TI) credit, reducing the outstanding balance from \$273,791.72 to \$175,791.72; (b) extending payment plan term from two to five years, lowering the monthly payment from \$7,161.82 to \$2,929.86; (c) allowing the Café to vacate Suite D, reducing lease payment to \$4,061.99 per month; and (d) eliminating the 6.75% revenue share and replacing with a cap of \$6,000 per month, effectively reducing the percentage to approximately 2.62% based on December 2024 revenues. With these revisions, the Café's total monthly payment will be fixed at \$12,988.85, which includes the payment plan, lease, and revenue cap. Upon full repayment of the outstanding balance, the monthly payment will decrease to \$10,061.99.

City Council directed staff to present this counterproposal to the Café owner.

On April 25, the Assistant City Manager and Airport Manager met with the Café owner and presented this counterproposal. The owner accepted these terms.

STRATEGIC PLAN ALIGNMENT:

This Lease Amendment contributes to Strategic Priority No. 3 *Economic Opportunity* and Goal No. 3.1 to facilitate partnerships and programs to develop, attract and retain innovative business sectors.

The Third Amendment to the Riverside Municipal Airport Lease Agreement also aligns each of the Cross-Cutting Threads as described below:

1. **Community Trust** - Approval of this lease Amendment will demonstrate the Airport's commitment to the community by providing greater access to services and increasing job opportunities.
2. **Equity** - The Airport serves the entire community of the City of Riverside. The Airport's multiple businesses, and more specifically the Riverside Airport Café, provide equal access and opportunities for the City's diverse community.
3. **Fiscal Responsibility** – Approval of the Lease Amendment demonstrates the importance placed on the Airport's fiscal responsibility and ensuring Airport businesses are allowed, and encouraged, to expand when opportunities present themselves.
4. **Innovation** – Approval of this Lease Amendment benefits both the Airport and the Airport Café as sharing part of the profits financially incentivizes the Tenant to grow their business and

generate additional revenues.

5. **Sustainability and Resiliency** – Approval of this lease amendment will ensure that the Airport Café is billed correctly for percentage monthly rentals, furthering the Airport's sustainability as a self-supporting enterprise fund.

FISCAL IMPACT:

The one-year fiscal impact of this action is \$168,000. Under the new revenue sharing agreement, revenues collected by the Airport will be reduced by an estimated \$70,000 annually. In addition, a one-time \$98,000 expenditure will be recorded as an accounting adjustment to write down previously recognized revenue, reflecting a tenant improvement credit that reduces the tenant's outstanding past due balance from \$273,791.72 to \$175,791.72.

Lease revenue generated from this agreement is recorded in the Airport Fund, Café Rental revenue account 0000530-346112.

Prepared by:	Daniel Prather, Airport Manager
Approved by:	Daniel Prather, Airport Manager
Certified as to availability of funds:	Kristie Thomas, Finance Director/Assistant Chief Financial Officer
Approved by:	Rafael Guzman, Assistant City Manager
Approved as to form:	Rebecca McKee-Reimbold, Interim City Attorney

Attachment:	Amendment
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