



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE:** JUNE 15, 2021

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

SUBJECT: RIVERSIDE MUNICIPAL AIRPORT LEASE AGREEMENT FOR APPROXIMATELY 2,500 SQUARE FEET OF TERMINAL BUILDING SPACE WITH THE RIVERSIDE AIRPORT CAFÉ FOR A 10-YEAR TERM WITH ONE FIVE-YEAR OPTION TO EXTEND – IN THE MINIMUM AMOUNT OF \$276,958

ISSUES:

Approve the Riverside Municipal Airport Lease Agreement for approximately 2,500 square feet of Terminal Building space with The Riverside Airport Café for a 10-year term with one five-year option to extend.

RECOMMENDATIONS:

That the City Council:

1. Approve the Riverside Municipal Airport Lease Agreement for approximately 2,500 square feet of Terminal Building space with The Riverside Airport Café for a 10-year term, with one five-year option to extend; and
2. Authorize the City Manager, or his designee, to execute the Riverside Municipal Airport Lease Agreement with The Riverside Airport Café, including making minor and non-substantive changes.

BACKGROUND:

On July 19, 1995, the City Council approved a Riverside Municipal Airport Lease Agreement for approximately 2,500 square feet of Terminal Building space with David and Delmy Pennington, to operate a restaurant known as D&D Airport Café.

In 2018, D&D Café negotiated with Ms. Leimamo Taylor to assume the remainder of the lease agreement, set to expire on August 2021 and renamed the restaurant The Riverside Airport Café.

On January 8, 2019, the City Council approved an Assignment and Assumption Agreement with Leimamo Bishaw (formerly Leimamo Taylor), dba, The Riverside Airport Café.

DISCUSSION:

This Riverside Municipal Airport Lease Agreement (Lease Agreement) is the successor agreement to the Assignment and Assumption Agreement executed in January 2019. The Agreement modifies the terms to an initial 10-year term with one 5-year option to extend.

Through the duration of the Assignment and Assumption Agreement Ms. Bishaw has made significant investments to remodel the café and future expansion options have been discussed with staff.

Current Rent:

The rental rate for the lease agreement is \$2,198.08 monthly, plus 6.75% of gross sales receipts for two months prior to the reporting month. If the option to extend the lease is executed, the percentage of gross sales receipts will increase to 7%. Rent will increase annually by the increase in the Consumer Price Index for All Urban Consumers (CPI-U), or 2%, whichever is greater.

It is anticipated the revenue to be collected over the lease term will be a minimum of \$276,958 (plus percentage of gross sales).

Staff recommends approving this Lease Agreement as it is in the best interest of the City to secure a restaurant providing excellent food services to the Riverside community and pilots flying into the Riverside Municipal Airport.

FISCAL IMPACT:

The fiscal impact of this action is approximately \$276,958 in lease revenue for the term of the agreement, which will be deposited into the Airport Fund Terminal Building Rentals revenue account 0000530-346110.

Prepared by: Carl Carey, General Services Director

Certified as to

Availability of funds: Edward Enriquez, Chief Financial Officer/City Treasurer

Approved by: Moises Lopez, Deputy City Manager

Approved as to form: Kristi J. Smith, Interim Assistant City Attorney

Attachment: Riverside Airport Café Lease Agreement