



*City of Arts & Innovation*

# City Council Memorandum

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**TO: HONORABLE MAYOR AND CITY COUNCIL      DATE: DECEMBER 8, 2015**

**FROM: COMMUNITY & ECONOMIC DEVELOPMENT      WARD: 1**  
**DEPARTMENT**

**SUBJECT: PROPOSED EXCLUSIVE NEGOTIATION AGREEMENT WITH ARTECO PARTNERS FOR THE POTENTIAL LONG-TERM LEASE OF THE VACANT FOX ENTERTAINMENT PLAZA RESTAURANT SPACE LOCATED AT 3605 MARKET STREET**

## **ISSUE:**

The issue for City Council is whether to enter into an Exclusive Negotiation Agreement with Arteco Partners for the potential long-term lease and development of the vacant Fox Entertainment Plaza restaurant space located at 3605 Market Street (Attachment 1).

## **RECOMMENDATION:**

That the City Council:

1. Approve an Exclusive Negotiation Agreement (Attachment 2 ) with Arteco Partners for the potential long-term lease of the vacant Fox Entertainment Plaza restaurant space located at 3605 Market Street; and
2. Authorize the City Manager, or his designee, to execute the Exclusive Negotiation Agreement and make minor non-substantive changes.

## **BACKGROUND:**

Completed in late 2013, the Fox Entertainment Plaza includes a 12,000 square foot restaurant space, a 10,000 square feet of museum and trade show exhibit space, a 4,000 square foot black box theater, and a 396 space parking garage.

Since completion of the Fox Entertainment Plaza, staff has marketed the restaurant space to potential restaurant users. On October 23, 2015, staff received a Letter of Intent to lease the vacant restaurant space from Arteco Partners. Arteco Partners has conceptually proposed developing the vacant restaurant space into a food and beverage market with multiple restaurants, commercial vendors and related retail.

Staff recommends City Council approval of an Exclusive Negotiating Agreement with Arteco Partners in order to further define the terms of a long-term lease agreement and project scope, which must be in compliance with the Downtown Specific Plan and other development goals of the City. The Exclusive Negotiating Agreement will allow for the negotiation of the following

items, which must be resolved prior to entering into a long-term lease agreement:

- a. Proper due diligence of both parties, which will include a background check and verification of project financing;
- b. Defining of project scope; and
- c. Price and other various terms of a long-term lease.

The term of the Exclusive Negotiating Agreement shall be one year with one three month option to extend. At the termination of the Exclusive Negotiating Agreement, the City and Arteco Partners may enter into a long-term ground lease should the City and Arteco Partners be able to reach mutually agreeable terms and subject to final approval by the City Council. The final lease agreement will include fiscal impacts.

Staff recommends that the City Council approve an Exclusive Negotiating Agreement with Arteco Partners for the potential long-term lease of the vacant Fox Entertainment Plaza restaurant space located at 3605 Market Street.

**FISCAL IMPACT:**

There is no immediate fiscal impact to this report.

Prepared by:	Rafael Guzman, Community & Economic Development Director
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availability of funds:	Brent A. Mason, Finance Director/Treasurer
Approved by:	Al Zelinka, FAICP, Assistant City Manager
Approved as to form:	Gary G. Geuss, City Attorney

**Attachments:**

1. Site Map
2. Exclusive Negotiating Agreement
3. Presentation