



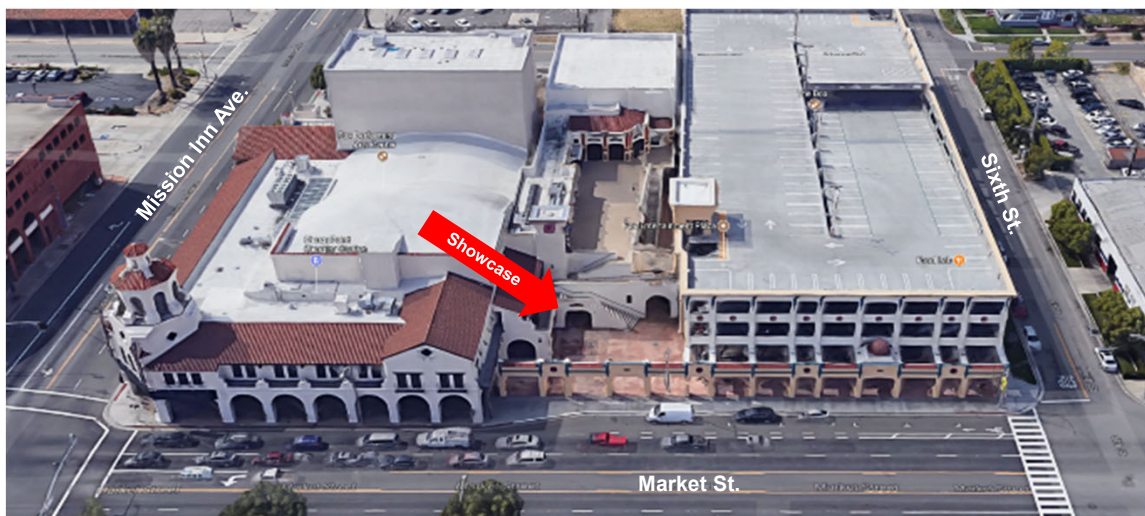
LEASE AGREEMENT TO CONVERT THE SHOWCASE SPACE TO AN ARCADE AND GAMING ENTERTAINMENT VENUE

Community & Economic Development

City Council
May 14, 2019

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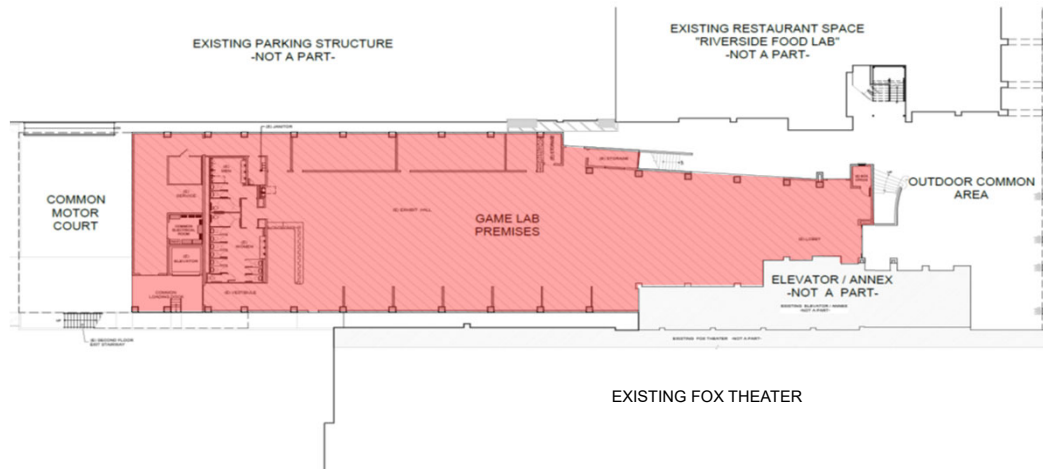
SITE MAP



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SITE PLAN



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FOX ENTERTAINMENT PLAZA

1. Construction completed in 2013 with a 12,000 sq. ft. restaurant space, a 10,000 sq. ft. exhibition space (Showcase), & a 4,000 sq. ft. black box theater (The Box):
 - a) Restaurant Space: Leased to Riverside Food Hall, LP for development of Riverside Food Lab – opened in fall of 2018;
 - b) The Box: Being used for theatrical performances & concerts;
 - c) Showcase: intended to be used as museum exhibit space but is currently used for sporadic special events.

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BACKGROUND

1. **June 21, 2018:** Staff presented to the Development Committee various development options for the Showcase at the Fox Entertainment Plaza.
 - a) Development Committee instructed staff to reach out to the community to discuss potential uses for the Showcase.
2. **January 17, 2019:** Staff presented to the Development Committee two unsolicited proposals from Riverside Food Hall, LP and the Old Riverside Foundation (ORF). Development Committee instructed staff to:
 - a) Explore a schedule making it feasible for both parties to utilize the Showcase;
 - b) Negotiate a lease agreement with Riverside Food Hall, LP to convert the Showcase into an arcade and gaming entertainment venue; and
 - c) Address any noise concerns associated with the proposed use.



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RIVERSIDE FOOD HALL, LP – LEASE PROPOSAL



Craft Beer Only

Augmented Reality Experience



Virtual Reality Rooms



Retro Arcade & Pinball Machines



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RIVERSIDE FOOD HALL, LP – LEASE PROPOSAL CONT.



Escape Rooms



Pop-Up Gaming Vendors



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LEASE TERMS

Landlord:	City of Riverside
Tenant:	Riverside Food Hall, LP
Use:	Arcade and gaming entertainment business with food & alcoholic beverage services (craft beer)
Term:	68 months
Premises:	Approximately 10,000 sq. ft.
Base Rent:	For months 9-20 of the Lease Agreement, the base rent shall be \$3,500 per month. For months 21-32, the base rent shall be \$5,000 per month. Beginning in month 33, the base rent shall increase by 3% annually (including the option periods)
Rent Credit:	8 months of free rent



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LEASE TERMS (CONT.)

Additional Rent:	Beginning in the 21 st month of the Lease Agreement, the City shall receive additional rent in the amount of 4% of gross sales (not including sales tax), which shall be calculated on the natural break-even point of \$1,525,000 annual gross sales. Specifically, once the Tenant's gross sales exceed \$1,525,000, Tenant shall pay to the City 4% as additional rent. Additional Rent will be paid quarterly and shall be subject to an audit
Lease Extension:	Three (3) five (5) year options to extend the Lease Agreement
Condition:	Tenant accepts the Premises "AS IS" with no Tenant Improvement allowance
Parking:	Tenant and its guests shall be entitled to use unreserved parking spaces in Public Parking Garage No. 7
Utilities:	Tenant shall pay to Landlord its pro-rata share of utilities consumed



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RECOMMENDATIONS

That the City Council:

1. Approve a Lease Agreement with Riverside Food Hall, LP for the 10,000 square foot Showcase space located at 3633 Market Street, bearing Assessor Parcel Numbers 213-221-008 and -003, to facilitate the development of an arcade and gaming entertainment business for an initial term of sixty-eight months with an option to extend for three consecutive five year periods with minimum lease revenue in the amount of \$293,028;
2. Authorize an increase in estimated revenue for Fiscal Year 2019/20 in a minimum amount of \$14,000 to account number 2815001-373100 for rent proceeds due after the 8 month rent abatement period;

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RECOMMENDATIONS (CONT.)

3. Authorize the City Manager, or his designee, to execute the Lease Agreement, including making minor, non-substantive changes, and to sign all documents and instruments necessary to complete the transaction; and
4. Authorize the City Manager, or his designee, to execute the Guaranty of Lease Agreement with Arteco Partners, including making minor, non-substantive changes.

