

Memorandum
Community Economic Development Department



To: Thomas Thomas, City Manager
Subject: Daiquiri Factory Development Agreement
Date: April 26, 2016

Mr. Kyle Peters, owner and operator of the Daiquiri Factory, a nightclub located at 1809 2nd Avenue in Downtown Rock Island, has requested permission from the City to add a mobile food vendor space to the north of the newly constructed deck in Parking Lot F. The deck expansion, which was approved by the City in March 2015 via a development agreement with Mr. Peters, increased the outdoor seating capacity threefold and has been beneficial for both the business and the City in terms of additional beverage tax revenue.

As outlined in a February 16, 2016 letter, it is Mr. Peters' intention to allow a vendor to operate a food cart in order to provide food service for Daiquiri Factory patrons from May 1 through October 31. Mr. Peters indicates in his letter that the food service would not be available for "walk-up" customers, but only Daiquiri Factory customers. Mr. Peters suggests that proposed benefits of the food vendor would include longer operating hours for the business (they would open at 4:00 p.m.), an increase in food and beverage sales tax revenue, and additional food options downtown. The operator would be required to secure a food and beverage license and adhere to all applicable City and State of Illinois health, safety, building, and fire codes.

Given the benefits to both the business owner and the City, CED staff recommends approval the attached Amended Development Agreement permitting use of City-owned property for the proposed food vendor.

RECOMMENDATION: Approve the Amended Development Agreement and authorize the City Manager to execute the contract documents.

Submitted by: Jeffery A. Eder, CED Director
Brandy Howe, AICP, Urban Planner

Approved by: Thomas Thomas, City Manager

**CITY OF ROCK ISLAND
AMENDED DEVELOPMENT AGREEMENT
DAIQUARI FACTORY**

This amendment to the Development Agreement (the "Amended Development Agreement") is executed as of April ____, 2016, by and between the City of Rock Island (City), a municipality under the laws of the State of Illinois, and Mr. Kyle Peters (Developer), owner and operator of the Daiquiri Factory, a business at 1809 2nd Avenue in downtown Rock Island, with reference to the following:

RECITALS

WHEREAS, the City entered into a Development Agreement with the Developer on March 30, 2015 (the "Original Development Agreement") attached hereto as **Exhibit A**; and

WHEREAS, the Developer successfully completed construction of the deck expansion agreed upon and described in the Original Development Agreement and the Developer is now seeking to further enhance his business operation by offering food to business patrons; however, there is not adequate square footage within the business establishment at 1809 2nd Avenue to operate a commercial kitchen; and

WHEREAS, in order to provide food, the Developer is seeking City approval to obtain a food and beverage license to operate a food vendor unit outside of the business on the subject site (City owned Parcel 09-6404); and

WHEREAS, the City is the owner of the subject site whereupon the deck is located and use of said site for commercial purposes will trigger an assessment of that property which will generate a tax bill from Rock Island County for which the City will be responsible for payment of; and

WHEREAS, the City and the Developer now wish to amend the Original Development Agreement wherein the Developer may operate a food vendor on the subject site and wherein the City shall recover from the Developer all costs incurred from the payment of property taxes; and

WHEREAS, this Amended Development Agreement is entered into for the purpose of setting forth and memorializing the conditions imposed upon the continued use of the subject site by the Developer;

NOW, THEREFORE, IT IS HEREIN MUTUALLY AGREED, the City hereby grants permission to the Developer to operate a food vendor unit on the subject site subject to the following terms and conditions:

1. **License.** The Developer and/or food vendor shall obtain a Food and Beverage License as required under the Illinois Food Service Sanitation Code and shall adhere to the regulations of said Code.
2. **Operation.** The Developer and/or food vendor shall adhere to all applicable City and State of Illinois health, safety, building, and fire codes. The Developer shall meet with City staff on a monthly basis to review the food operation until such time the City provides written notification that the monthly review process is no longer required which determination the parties hereby agree shall be at the sole discretion of the City.
3. **Payment of Property Taxes.** The Developer shall be responsible for payment of the annual property taxes due on the subject site. Upon receipt of the annual tax bill, the City shall send an

invoice to the Developer for payment. Payment of the amount due shall be made by the Developer within 30 days of the invoice date.

4. **Term of Agreement.** The term of this Amended Development Agreement shall coincide with the term of the Original Development Agreement.
5. **Insurance.** The Developer hereby agrees to provide liability insurance coverage at its own expense with the City named as an additional insured in an amount of not less than \$1,000,000 per occurrence. The Developer agrees to provide the City with a certificate of insurance which names the City as an additional insured and to keep said insurance in full force and effect throughout the term of this Agreement and the insurance policy shall include a provision that the City of Rock Island must be given 30 days advanced notice of intent to cancel policy and also 30 days advanced notice of expiration of the policy. The Developer further agrees at all times to indemnify, save and hold harmless the City against any and all losses, costs, damages, or expenses arising out of or from the use of the City's property by the Developer or its patrons, which causes or may cause any accident or other occurrence or which causes injury to any person or property.
6. **Default.** In the event of a default under this Amended Development Agreement, the City shall provide written notice to the Developer of the nature of the default. Said notice shall provide a specific time in which the default shall be corrected. If the Developer fails to correct the default within a minimum of 30 days as specified by the City, then the City, at its sole discretion can declare this Agreement null and void and take any and all appropriate steps to cure the default, including, but not limited to, revocation of the Food and Beverage License. Any costs or expenses incurred by the City, including reasonable attorney's fees, in enforcing this Agreement or curing said default, shall be paid by Developer.
7. **Governance.** This Agreement shall be governed and enforced in accordance with the laws of the State of Illinois and the jurisdiction and venue shall be Rock Island County, Illinois. This Amended Development Agreement does not supersede the Original Development Agreement but rather imposes additional requirements.

DEVELOPER

CITY

Kyle Peters, Owner and Operator
Daiquiri Factory

Thomas Thomas, City Manager

ATTEST

Aleisha Patchin, City Clerk

February 16, 2016

Ms. Aleisha Patchin, City Clerk
City of Rock Island
1528 Third Avenue
Rock Island, IL 61201

Dear Aleisha,

As proprietor of Daiquiri Factory, I am writing to inquire about the appropriate procedures and measures required to allow Daiquiri Factory to add a mobile food vendor space to the North side of the Deck, in Parking Lot F.

A little background: last year, the City of Rock Island approved the Daiquiri Factory deck expansion project with the implementation of food. Our goal was to increase our outdoor capacity threefold and to provide a high quality food concept to our guests. The idea was simple: great drinks, great food, and a great outdoor setting. Phase 1, building the deck is complete, and I am happy to say has been a great success. Phase 2, food implementation, has unfortunately stalled out. The problem is square footage. The Daiquiri Factory currently does not have the square footage indoors to operate a successful kitchen and all attempts made to purchase the building (and thereby increase our space) have failed. At this point negotiations with the landlord have gone as far as they are going to go and I believe it is time to pursue an alternative solution.

Our desire is to contract with a mobile food vendor from May 1 through October 31, 2016 to operate in a vendor space to the North side of the Deck. We believe that by doing this, benefits would include:

- Longer operating hours – by adding a food component, we would have reason to open at 4pm on Friday and Saturday.

- Encourage patrons to come downtown earlier in the evening.

- Add an additional food option to the existing downtown offerings.

- Increase in tax revenue through both food and beverage tax.

- Creation of additional jobs, as additional hospitality staff would be required.

- A revolving menu to accommodate changing tastes and to keep the concept fresh.

During the construction of the expanded deck, Daiquiri Factory installed a power box on the west side of the building. This would provide adequate power for a vendor to operate efficiently. No additional power would be required.

Food service would be as follows:

Food would only be available on Fridays and Saturdays from 4:30pm until 10:00pm.

(Hours could be adjusted based on demand)

Food service would be available to Daiquiri Factory patrons only and must be ordered through a server or at the bar.

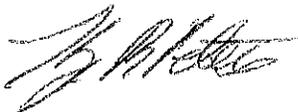
Food vendor will not be allowed to sell to "walk-up" customers.

Vendor equipment would be clean, licensed and pleasing to the eye. (Example attached)

This concept is already operating successfully at similar venues and farmers markets in Davenport, LeClaire and Bettendorf.

As this is neither a transient event vendor nor a permanent plaza vendor (i.e., Erawan), I am seeking direction as to what type of permit would apply, or what steps I need to take to gain permission to move forward with this endeavor. I am happy to answer any questions and will abide by any and all health department requirements and regulations and look forward to partnering with the City of Rock Island on another successful project.

Sincerely,

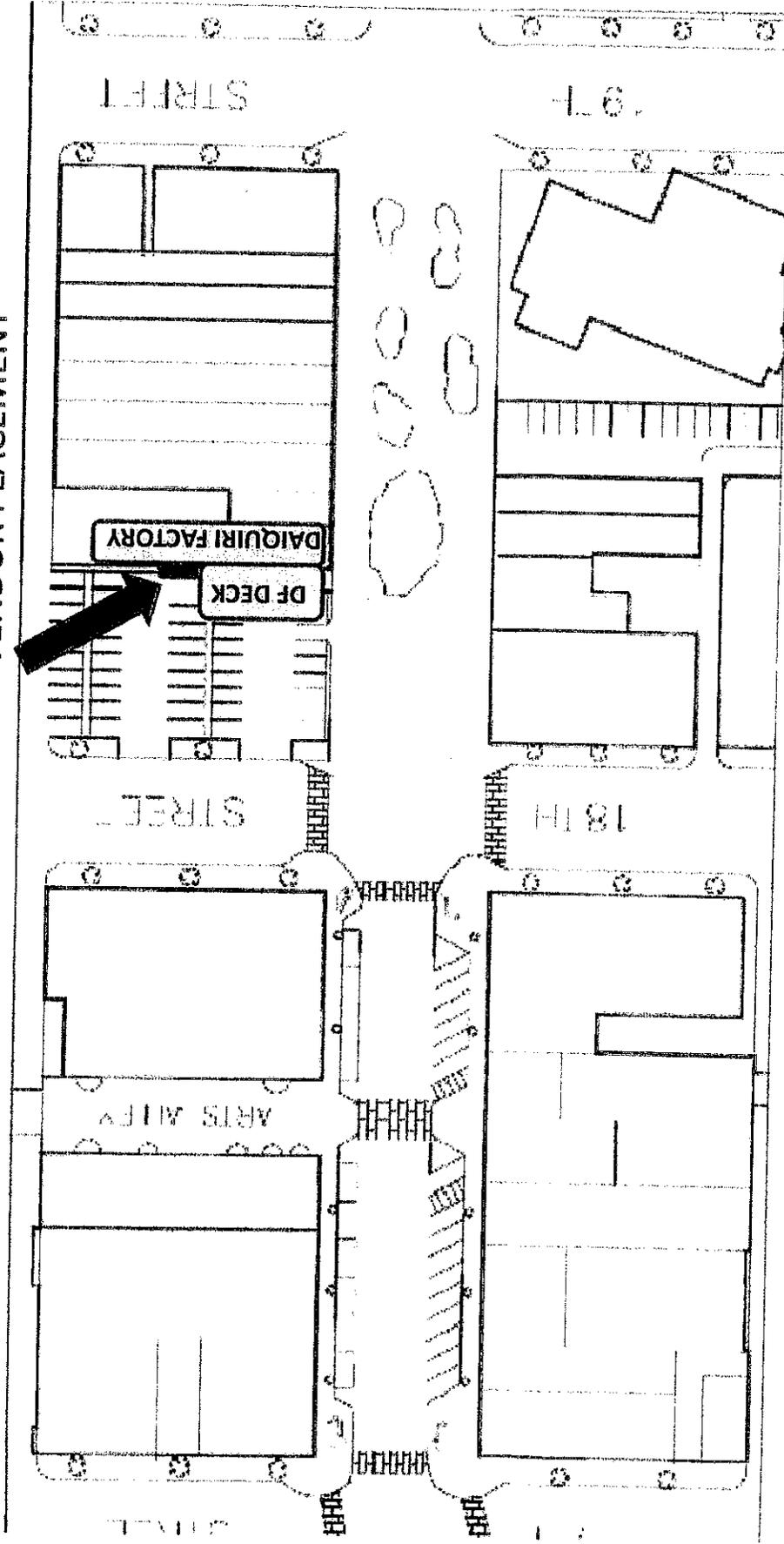


Kyle R. Peters
Daiquiri Factory
1809 Second Avenue
Rock Island, IL 61201

G R L A R I V L R P L A Z A

NORTH

VENDOR PLACEMENT

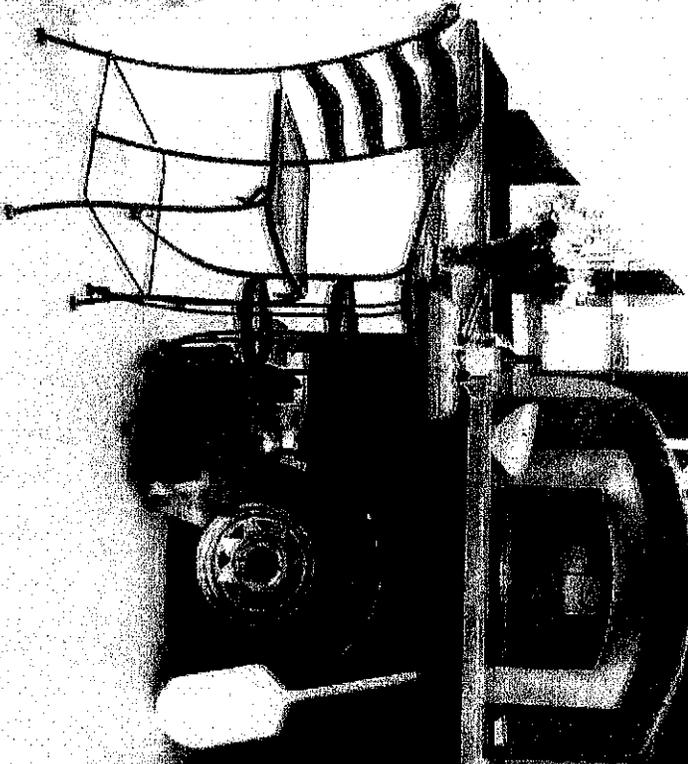


Prepared By: City of Rock Island,
Planning & Development: Blaine
FEBRUARY 2004

SOUTH

C I T Y O F R O C K I S L A N D

Streets
of
Italy
ASK us
about
getting
Your
Event
For Free



LENDY