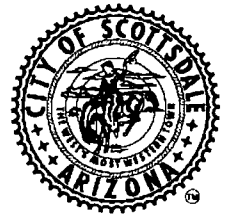


# CITY COUNCIL REPORT



Meeting Date: December 11, 2018  
 General Plan Element: *Economic Vitality*  
 General Plan Goal: *Encourage high quality retail and entertainment*

## ACTION

**Outdoor Dining License Agreement with JE Southwest Group, LLC located at 4245N Craftsman Court.** Adopt Resolution 11282 authorizing Outdoor Dining License Agreement 2018-176-COS with JE Southwest Group Real Estate, LLC and their tenant Rockbar, Inc for an outdoor dining patio on City property.

## BACKGROUND

The purpose of this action is to approve an Outdoor Dining License with JE Southwest Group Real Estate, LLC on the east side of Craftsman Court, south of the Craftsman Court and 5<sup>th</sup> Avenue intersection. The license area is approximately 419 square feet and is an existing patio area. The current patio was licensed in January 2004 under agreement 2004-010-COS which expires in January 2019.

This outdoor dining license will not impact any on-street parking spaces or existing sidewalks. Historically, the City has supported outdoor dining activities to energize downtown areas. There are outdoor dining patios in operation in the surrounding area, including four located on the canal and three on Scottsdale Rd between Indian School and Camelback Roads.

All new outdoor dining license agreements are now separated into two sections. The front section is more concise and user friendly. It contains the parts of the license agreement that are modified to reflect individual patio considerations and logistics, such as, square feet licensed, location, use fees, etc. The second part of the agreement is already recorded and contains the Standard Terms. This part of the agreement will be applicable to all outdoor dining license agreements, such as insurance, use restrictions, and maintenance requirements.

## ANALYSIS & ASSESSMENT

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### Recent Staff Action

The existing patio location will not impact access to, or operation of, the sidewalk space. The terms of the License Agreement are similar to other outdoor dining license agreements within the downtown area, and include the following provisions:

- A fifteen-year license, with no extensions.
- Either party may cancel the license with a 30-day notice.
- The initial use fee is \$3,105 a year. The annual escalation periods will increase thereafter based on the Consumer Price Index beginning July 1<sup>st</sup>, 2019.
- In addition to the general liability insurance, the licensee must provide liquor liability insurance of \$1,000,000 for each occurrence and \$2,000,000 policy aggregate.
- On-site food preparation is required.
- Cooking on the patio area is prohibited.
- A cash security deposit of \$1,000 is required.
- This agreement has language included to specifically preclude video, computers, video displays or other equipment for displaying video images or signals unless specific approval is given by staff or for special events.

### Community Involvement

This is a new license at an existing location subject to Council approval of the license agreement.

## RESOURCE IMPACTS

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### Available funding

No City funding is required as a result of this action.

### Staffing, Workload Impact

The license agreement will be administered by existing Capital Project Management Real Estate staff. The licensee is responsible for all construction, maintenance and operational costs of the outdoor dining area.

### Maintenance Requirements

No significant maintenance requirements will result from this action. Minor upkeep of the adjacent landscape and patio areas is the responsibility of the property owner.

## OPTIONS & STAFF RECOMMENDATION

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### Recommended Approach

Adopt Resolution 11282 authorizing Outdoor Dining License Agreement 2018-176-COS with JE Southwest Group Real Estate, LLC for an outdoor dining patio.

### Proposed Next Steps

If Council adopts Resolution 11282, the licensee will pay the City a deposit and first installment of the required use fees.

## RESPONSIBLE DEPARTMENT(S)

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Public Works Division, Capital Project Management

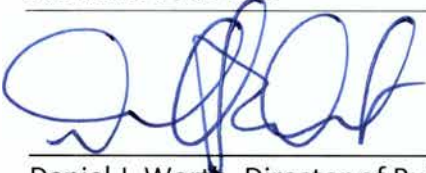
## STAFF CONTACTS (S)

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Bob Hults, Real Estate Management Specialist, (480) 312-7066 [rhults@scottsdaleaz.gov](mailto:rhults@scottsdaleaz.gov)

## APPROVED BY

---



Daniel J. Worth, Director of Public Works  
(480) 312-5555, [dworth@scottsdaleaz.gov](mailto:dworth@scottsdaleaz.gov)

10-30-18

Date

## ATTACHMENTS

---

1. Resolution 11282
2. Location Map
3. Contract 2018-176-COS

## RESOLUTION NO. 11282

A RESOLUTION OF THE COUNCIL OF THE CITY OF SCOTTSDALE, MARICOPA COUNTY, ARIZONA, AUTHORIZING A LICENSE AGREEMENT 2018-176-COS FOR AN EXISTING OUTDOOR DINING PATIO FOR A RESTAURANT IN THE SCOTTSDALE DOWNTOWN AREA (4245 N CRAFTSMAN COURT)

(Rockbar outdoor dining)

### WHEREAS:

A. Scottsdale's downtown is an important community asset providing significant economic, tourism and cultural amenities for Scottsdale's citizens, businesses and visitors.

B. The City of Scottsdale ("City") is committed to maintaining and enhancing downtown to provide these important community benefits.

C. Activating public spaces through outdoor dining patios and similar amenities increases the attractiveness of downtown to tourists and otherwise advances the prosperity of downtown and the broader community.

D. Including such projects as part of downtown provides the potential for visitors to better experience the community and its amenities and heritage.

E. City owns land interests or use rights located at 4245 N Craftsman Court that are suitable for an outdoor dining patio (the "City Parcel").

F. JE Southwest Group Real Estate, LLC, an Arizona limited liability company (the "Licensee") and Rockbar, Inc., an Arizona corporation (Sublicensee), is the lessee of an adjacent restaurant parcel (the "Restaurant Parcel").

G. City desires to enter into a contract with Licensee and Sublicensee to operate the City Parcel as an outdoor dining patio integrated with the restaurant operation on the Restaurant Parcel, to replace the old license No. 2004-010-COS.

H. The city council has considered the City expenditure authorized by this Agreement and the direct consideration that City will receive and finds that there is a clearly identified public purpose for City's expenditure, if any, and that City will receive direct consideration substantially equal to its expenditure.

NOW, THEREFORE, BE IT RESOLVED that:

Section 1. The Mayor is hereby authorized and directed to execute on behalf of the City of Scottsdale the Outdoor Dining License Agreement No. 2018-176-COS in the form presented at the meeting at which this resolution is approved.

PASSED AND ADOPTED by the Council of the City of Scottsdale this \_\_\_\_\_ day of \_\_\_\_\_, 2018.

CITY OF SCOTTSDALE, an Arizona  
municipal corporation

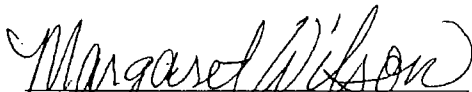
\_\_\_\_\_  
W. J. "Jim" Lane, Mayor

ATTEST:

By: \_\_\_\_\_  
Carolyn Jagger, City Clerk

APPROVED AS TO FORM

OFFICE OF THE CITY ATTORNEY

  
Bruce Washburn, City Attorney

By: Margaret Wilson, Senior Assistant City Attorney





ATTACHMENT 2					
PROJECT TITLE					
LOCATION MAP					
DEPT.	B./I.	DRAWN	DATE	SCALE	SHT.
CPM		COS	10/18	NTS	1 OF 1





# Memorandum

**To:** Honorable Mayor and City Council

**From:** Daniel J. Worth – Public Works Director

**Date:** December 7, 2018

**Re:** December 11, 2018 City Council Meeting – Item 7 – Regular Agenda Item –  
Rockbar Outdoor Dining Revocable License

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Your Honor and Members of the City Council,

We have changed one item in the Rockbar Outdoor Dining License Agreement with JE Southwest Group Real Estate, LLC and its tenant Rockbar, Inc. since the agreement was originally published with the December 11 Council agenda.

The initial use fee with annual escalators based on CPI has not changed, but we have added a provision to adjust the use fee upward at the five and ten year marks, if the City's standard use fee at that time is greater than the CPI adjusted use fee of this agreement.

Please feel free to call me directly at 480-312-5555 if you have questions.

**WHEN RECORDED RETURN TO:**

CITY OF SCOTTSDALE  
ONE STOP SHOP/RECORDS  
(Robert Hults)  
7447 East Indian School Road, Suite 205  
Scottsdale, AZ 85251

**Location:** 4245 N Craftsman Court  
Scottsdale, AZ

**City Contract Administrator:** Robert Hults **Telephone:** 480-312-7250  
Asset Management Specialist **E-Mail:** RHults@scottsdaleaz.gov

**LICENSEE:**

**Entity Name:** JE Southwest Group **Principal Contact:** John Eby  
Real Estate, LLC  
**Street Address:** 3004 N Civic Center **Business Phone:** 602-679-7676  
Plaza **Fax:** \_\_\_\_\_  
**City, State Zip** Scottsdale, AZ 85251 **E-Mail:** \_\_\_\_\_

**SUBLICENSEE:**

**Entity Name:** Rockbar, Inc. **Principal Contact:** Alex Mundy  
**Street Address:** 4245 N Craftsman Ct **Business Phone:** 480-331-9190  
**City, State Zip** Scottsdale, AZ 85251 **Fax:** \_\_\_\_\_  
**E-Mail:** \_\_\_\_\_

City of Scottsdale Agreement No. 2018-176-COS  
Resolution No. 11282

**OUTDOOR DINING REVOCABLE LICENSE AGREEMENT**

THIS OUTDOOR DINING REVOCABLE LICENSE AGREEMENT (the "Agreement") is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between the City of Scottsdale, an Arizona municipal corporation ("Licensor"), and JE Southwest Group Real Estate, LLC, an Arizona limited liability company ("Licensee").



## RECITALS

A. Licensors has recorded a certain Notice of Standard Terms dated July 29, 2016 ("Standard Terms Notice") which was recorded August 1, 2016 at document no. 2016-0543749 of the public records of Maricopa County, Arizona.

B. The Standard Terms sets out various recitals ("Standard Recitals") and provisions (collectively the "Standard Terms").

C. Licensors owns fee title or other interests in certain real property (the "Use Areas") comprising approximately four-hundred nineteen (419) square feet of land described on **Exhibit "A"** attached hereto and labeled as "Use Area" on the drawing attached hereto as **Exhibit "B"** (the "Site Plan").

D. Licensors also owns or holds rights to additional real property (the "Adjacent City Property") adjacent to the Use Areas as shown on the Site Plan. The Adjacent City Property is all public property and public property interests or use rights within fifty feet (50') of the Use Areas.

E. Licensee owns a certain existing building (the "Licensee's Building") located upon a certain parcel of real property (the "Licensee's Parcel") described on **Exhibit "C"** attached hereto and labeled on the Site Plan. The Licensee's Parcel is located at 4245 N Craftsman Ct. Licensee desires to replace its previous license with the City (2004-010-COS) with this agreement.

F. Licensee desires to use the Use Areas solely for outdoor food and beverage service only for immediate consumption at the Use Areas of food and beverages (including alcohol) prepared inside the existing building (the "Permitted Uses") subject to the requirements of this Agreement. If at the time of approval of this agreement the expectation is to operate Licensee's Building as a sit down restaurant, the use shall conform to restrictions set forth on **Exhibit "D"** attached hereto. Other patio uses may be approved at Licensors's discretion.

G. In order to conduct the Permitted Uses, Licensee desires to construct upon and about the Use Areas the certain improvements (the "Project") shown on the Site Plan.

H. Licensors desires to reserve rights to construct and use additional improvements upon the Use Areas subject to the requirements of this Agreement.

I. The Standard Recitals are all incorporated here by reference as if set out in full.

NOW, THEREFORE, for and in consideration of the foregoing, the amounts hereinafter to be paid by Licensee, and the covenants and agreements contained herein to be kept and performed by Licensee, and other good and valuable consideration, Licensors and Licensee agree as follows:

### I. GRANT OF LICENSE AND TERM OF LICENSE

1. Grant of License. Licensors hereby grants to Licensee a license to use the Use Areas conditioned upon Licensee's full, timely, complete and faithful performance of all things to be done hereunder by Licensee, and Licensee hereby accepts the Use Areas and this Agreement.

1.1 Standard Terms Incorporated. The Standard Terms are all incorporated here by reference as if set out in full. LICENSEE WARRANTS AND REPRESENTS THAT LICENSEE HAS READ AND AGREES TO THE STANDARD RECITALS AND THE STANDARD TERMS. Capitalized terms used but not defined in this Agreement shall have the meanings assigned by the Standard Recitals and the Standard Terms.

1.2 Term. The original term of this Agreement shall be for a period of fifteen (15) years commencing on the date of this Agreement.

1.3 Extensions. The term of this Agreement may not be extended unless approved by the Scottsdale City Council.

1.4 Holding Over. In any circumstance whereby Licensee would remain in possession or occupancy of the Use Areas after the expiration of this Agreement, such holding over shall operate as a limited renewal or extension of this Agreement from month to month that may be terminated at any time by Licensor upon thirty (30) days notice to Licensee, or by Licensee upon sixty (60) days notice to Licensor. Licensee shall pay an additional fifty percent of the Use Fee for each full or partial month that Licensee remains in possession of the Use Area.

1.5 Licensor's and Licensee's Termination Right. Either party shall have the unilateral right to terminate this Agreement for any reason whatsoever or for no reason at any time upon thirty (30) days notice.

1.5.1 If this Agreement is terminated prior to the end of the term, the Licensor will reimburse to Licensee a prorated Use Fee for the balance of the term based on a monthly proration.

1.6 Recording. Within ten (10) days after the date of this Agreement, Licensee shall cause this Agreement to be recorded in the office of the Maricopa County Recorder.

## II. LICENSE PAYMENTS

2. Licensee's Payments. Licensee shall make payments to Licensor as follows:

2.1.1 Use Fee Categories. Licensee shall pay to Licensor a fixed annual amount (the "Base Use Fee") based on Licensee's use of City property.

2.1.2 All other amounts required by this Agreement and the Standard Terms, which include but are not limited to annual adjustments and applicable taxes, liens and assessments (collectively "Use Fee")

2.2 Fee Amount. The amount of the Base Use Fee per calendar year (the "Annual Equivalent Amount") shall be three-thousand one-hundred five and No/100 Dollars (\$3,105.00) subject to certain adjustments and payable in two semi-annual installments occurring January 1 and July 1 of each year.

2.3 Licensee shall pay the Base Use Fee subject to the Standard Terms.

2.4 Notwithstanding section 2.1 of the Standard Terms, if in the future base use fee is adjusted above 2.2 (Consumer Price Index Adjustment) on any given year, then the Licensee's use fee payment will adjust to the Standard Terms Base use fee at the time of the 5<sup>th</sup> and 10<sup>th</sup> anniversaries of this Agreement.

III. USE RESTRICTIONS

3. Licensee shall comply with the use restrictions set out in the Standard Terms.

IV. LICENSEE'S INITIAL PROJECT CONSTRUCTION

4. Licensee shall complete construction of the Use Area within 90 days of this Agreement. This deadline may be extended at the sole discretion of the contract administrator.

V. NOTICES

5. Notices.

If to Licensors: Real Estate Management Specialist  
City of Scottsdale  
7447 East Indian School Rd., Suite 205  
Scottsdale, AZ 85251

Copies to: City Attorney's Office  
City of Scottsdale  
3939 N. Drinkwater Blvd.  
Scottsdale, AZ 85251

If to Licensee: Rockbar, Inc  
Alex Mundy  
4245 N Craftsman Ct  
Scottsdale, AZ 85251

Copies to: JE Southwest Group R.E., LLC  
3004 N Civic Center Plz  
Scottsdale, AZ 85251

EXECUTED as of the date first given above.

LICENSEE: **JE SOUTHWEST GROUP REAL ESTATE, LLC,**  
an Arizona limited liability company

By: \_\_\_\_\_  
Its: \_\_\_\_\_

SUB-LICENSEE: **ROCKBAR, INC.,** an Arizona corporation

By: \_\_\_\_\_  
Its: \_\_\_\_\_

LICENSOR: **CITY OF SCOTTSDALE,**  
an Arizona municipal corporation

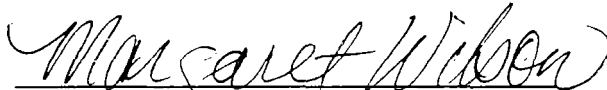
By: \_\_\_\_\_  
W. J. "Jim" Lane, Mayor

ATTEST:

\_\_\_\_\_  
Carolyn Jagger, City Clerk

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY

  
Bruce Washburn, City Attorney  
By: Margaret Wilson, Senior Assistant City Attorney

\_\_\_\_\_  
Martha West, Senior Real Estate Manager

\_\_\_\_\_  
Paul Basha, Transportation Director

\_\_\_\_\_  
Katherine Callaway, Risk Management Director

STATE OF ARIZONA )  
                                  ) ss.  
County of Maricopa )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_  
by \_\_\_\_\_ of \_\_\_\_\_, a  
\_\_\_\_\_ [an Arizona limited liability company].

\_\_\_\_\_  
Notary Public

---

) ss.

by \_\_\_\_\_, \_\_\_\_\_ of \_\_\_\_\_, a \_\_\_\_\_

### Notation

\_\_\_\_\_

) ss.

20\_\_\_\_, by W. J. "Jim" Lane, Mayor of the City of Scottsdale, an Arizona municipal corporation.

## NOTES

\_\_\_\_\_



## TABLE OF EXHIBITS

<u>Exhibit</u>	<u>Paragraph</u>	<u>Description</u>
A	C	Engineered metes-and-bounds (or platted lot) legal description for City land to be used for outdoor dining.
B	C	Site plan drawn in complete compliance with all of the site plan instructions. The site plan must show the city property to be used, together with the Licensee's Parcel.
C	E	Engineered metes-and-bounds (or platted lot) legal description for parcel upon which adjacent privately owned Licensee's Building is located.
D	F	Restaurant Uses

*[Note: This page is not part of the contract. Remove it before the city council meeting.]*

# USE AREAS

## EXHIBIT "A"

### LEGAL DESCRIPTION FOR PATIO AREA

*That portion of the 16 foot Alley shown on the recorded plat of CRAFTSMAN COURT, according to the Plat of Record in the Office of the County Recorder of Maricopa County, Arizona, recorded in Book 62 of Maps, Page 23, more particularly described as follows:*

*Beginning at the Northwest corner of Lot 35 of said CRAFTMANS COURT;*

*Thence N. 00° 57' 00" E. along the West line of said 16 foot Alley a distance of 8.00 feet;*

*Thence S. 89° 11' 26" E. a distance of 54.99 feet;*

*Thence S. 00° 57' 00" W. a distance of 7.25 feet to a point on the North line of said Lot 35;*

*Thence N. 89° 58' 20" W. along said North line a distance of 55.00 feet to the TRUE POINT OF BEGINNING.*

*Containing 419 square feet, more or less.*

*See Exhibit "B"*



# EVERETTALAN { GROUP }

6300 E. Cave Creek Road, Ste. 202 ☐ Cave Creek, Arizona 85331

Phone 480.990.0545 ☐ Fax 480.994.9097 ☐ [www.EverettAlanGroup.com](http://www.EverettAlanGroup.com)

# SITE PLAN

This survey map depicts Lot 35, located within APN 173-50-033. The lot is bounded by an existing fence to the north and an existing building to the east. A dining area is situated within the lot, adjacent to the north boundary. The map includes a north arrow pointing towards the top, labeled 'N.T.S.' (Not To Scale). The adjacent right-of-way is shown on the left, with a curb and sidewalk. The map also shows the existing parking area and the location of Lot 35 relative to the North Line.

**Property Details:**  
 - **Lot 35:** APN 173-50-033  
 - **APN 173-50-121:** North of Lot 35  
 - **APN 173-50-032A:** South of Lot 35

**Dimensions and Bearings:**  
 - North boundary:  $S89^{\circ}11'26''E$ , 54.99  
 - East boundary:  $S00^{\circ}57'00''W$ , 7.25  
 - West boundary:  $N00^{\circ}57'00''E$ , 8.00  
 - South boundary:  $S89^{\circ}58'20''W$ , 55.00  
 - North Line Lot 35: 16.00  
 - Existing Building: 40.00  
 - Dining Area: 419 S.F.

**Other Features:**  
 - **EXIST. FENCE:** North boundary of Lot 35  
 - **EXIST. BUILDING:** East boundary of Lot 35  
 - **EXIST. PARKING:** South of Lot 35  
 - **ADJACENT RIGHT-OF-WAY:** Left side of the map  
 - **CURB:** Top left corner  
 - **SIDEWALK:** Along the curb

**Surveyor Information:**  
 - **REGISTERED LAND SURVEYOR:** JAMES A. LOFTIS  
 - **CERTIFICATE NO.:** 26404  
 - **DATE SIGNED:** 9-13-18  
 - **ARIZONA, U.S.A.**

Exhibit "B" Page 1 of 1

6300 East Cave Creek Road, Suite 202  
Cave Creek, Arizona 85331  
Phone 480.990.0545 Fax 480.994.9097  
[www.EverettAlanGroup.com](http://www.EverettAlanGroup.com)

**EVERETT ALAN**

EXP. 9-30-2019

## EXHIBIT "C"

### LEGAL DESCRIPTION FOR RESTAURANT PARCEL

**Parcel No. 1:**

*Lot thirty-five (35) Craftsman Court, according to the plat of record in the office of the county recorder of Maricopa County, Arizona, recorded in Book 62 of Maps, page 23.*

**Parcel No. 2:**

*A perpetual easement for maintaining, rebuilding and using and occupying building improvements located on said easement parcel as created by easement agreement recorded November 8, 2000 at Records no. 00-0861432 and more particularly described as follows:*

*A portion of lot thirty-four (34) craftsman court, according to the plat of record in the office of the county recorder of Maricopa County, Arizona, recorded in Book 62 of Maps, Page 23, more particularly described as follows:*

*BEGINNING at the Northwest corner of Lot 34; thence South 89 degrees 58 minutes 24 seconds East, along the North line of said Lot 34, a distance of 118.04 feet to the Northeast corner of said Lot 34; thence South 00 degrees 59 minutes 38 seconds West, along the East line of said Lot 34, a distance of 2.25 feet;*

*thence North 88 degrees 52 minutes 49 seconds West, a distance of 118.02 feet to the TRUE POINT OF BEGINNING.*



**EVERETTALAN  
{ GROUP }**

6300 E. Cave Creek Road, Ste. 202 ☐ Cave Creek, Arizona 85331

Phone 480.990.0545 ☐ Fax 480.994.9097 ☐ [www.EverettAlanGroup.com](http://www.EverettAlanGroup.com)

1.1 Food Service. The Permitted Uses are further restricted as follows:

1.1.1 Licensee shall use the Use Areas solely for the preparation and serving to Licensee's invitees and guests of fully prepared food and beverages (including alcoholic beverages if permitted by law) for immediate consumption upon the Use Areas or upon the Licensee's Parcel.

1.1.2 Licensee's use of the Use Areas shall at all times be conducted as an integral part of a full-service sit-down restaurant within the Licensee's Building with a joint menu and under a joint manager and operator with the Licensee's Building.

1.1.3 Cooking is not allowed at the Use Areas.

1.1.4 Licensee may only serve at the Use Areas food and beverages prepared at the adjacent business.

1.1.5 The adjacent business must be operated as a restaurant and not as a bar or other type of establishment. For purposes of this Agreement, a business serving food is a restaurant and not a bar if it serves food but does not serve alcohol, or if it serves food and alcohol and satisfies all of the following requirements:

1.1.5.1 The business has in operation on site a full service kitchen preparing and cooking (and not just heating or warming) entrees ordered by individual customers.

1.1.5.2 When the kitchen is open, the business' main menu offers at least ten (10) different entrees cooked in the kitchen and offered at prices comparable to prices for similar entrees offered by other restaurants in Maricopa County, Arizona.

1.1.5.3 The kitchen is open and offering the entrees at the adjacent business and at the Use Areas at all times the business is open for business, except that the kitchen may close one (1) hour before the business closes.

**Exhibit "D"**  
Page 1 of 1





# Rockbar Outdoor Dining License

City Council  
December 2018

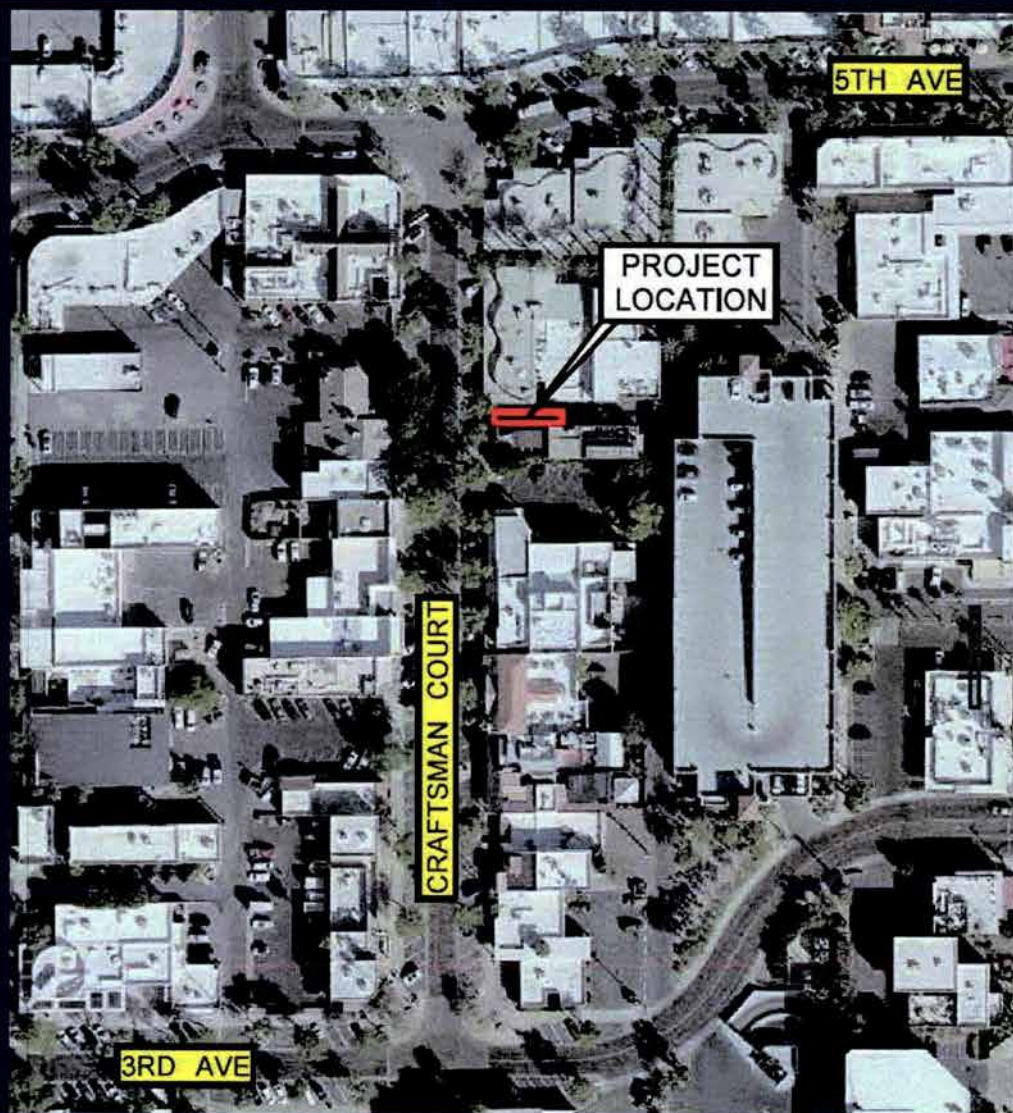
## Action



Authorize Outdoor Dining License Agreement 2018-176-COS with JE Southwest Group Real Estate LLC and their tenant, Rockbar, Inc

- 419 sf licensed area
- Located in an alley east of Craftsman Court
- Replaces existing license, in place since 2004, expires January 2019
- Uses standard terms and pricing common to other licenses

# Location





# Location



## Food Service



- Adjacent business must be operated as a restaurant
- Requirements to meet restaurant definition:
  - Full service kitchen preparing (not just heating or warming) entrees for individual customers
  - Offers at least 10 entrees when kitchen is open
  - Kitchen is open at all times business is open, except may close 1 hour before business closes



## Food Service

- Requirement: Full service kitchen preparing (not just heating or warming) entrees for individual customers



# Food Service

- Requirement: Offers at least 10 entrees



**ROCKBAR** Est. 2014

**\$9 SUB CULTURE**  
SERVED HOT W/ A PICKLE & COLESLOW OR KETCHUP CHIPS

- PHILLY -  
STEAK, ONIONS & CHERRY PEPPERS W/ WHIZ OR MOZZARELLA
- MEATBALL -  
TOPPED WITH PROVOLONE & SAUCE
- ITALIAN -  
W/ COLESLOW, TOMATO, ONION, CHERRY PEPPERS & BLACK OLIVES
- FRENCH DIP -  
HORSERADISH & AU JUS

**\$10 - BAKED WINGS -**  
GARLIC & PARMESAN, JACK HONEY BBQ  
OR HOT SERVED W/ RANCH OR BUTT CHEESE

**\$8 - TWICE BAKED SKINS -**  
POTATO SKINS TOPPED W/ BACON, WHIZ,  
& MOZZARELLA W/ SIDE OF RANCH

**\$7 - DIPPING STICKS -**  
SEASONED BREAD STICKS & SAUCE

**\$6 - PRETZEL BITES -**  
HOT BITES W/ WHIZ

**\$5 - TRIO OF BALLS -**  
MEATBALLS W/ MOZZARELLA & SAUCE

**\$2 - SIDES -**  
COLESLOW OR KETCHUP CHIPS OR WHIZ

**ROCKBAR** Est. 2014

**PIZZA PIZZA!**  
12" IN THE ROUND

**\$10 - JUST THE CHEESE -**  
AND THE MEAT - 2 more

- SAUSAGE - PEPPERONI - MEATBALLS -
- STEAK - BACON - SALAMI -

4 or more MEAT - 4 more

- ONIONS - CHERRY OR BANANA PEPPERS -
- BLACK OLIVES - JALAPENOS -
- ROASTED GARLIC - WHIZ - PROVOLONE -

**- SPECIALTY RECEIPES -**

**\$13 - THE MEATBALL**  
MEATBALLS, ROASTED GARLIC, ITALIAN SEASONING,  
MOZZARELLA & PARMESAN

**\$16 - "LOADED"**  
SAUSAGE, PEPPERONI, BACON, ONIONS,  
CHERRY PEPPERS, ROASTED GARLIC, & BLACK OLIVES

**- \$7 FLATBREADS -**

- MARGHERITA - BACON & TOMATO -
- SAUSAGE & ROASTED GARLIC -

KEEP IN THE LOOP!  
FACEBOOK / ROCKBAR\_INC  
WWW.ROCKBARSCOTTSDALE.COM



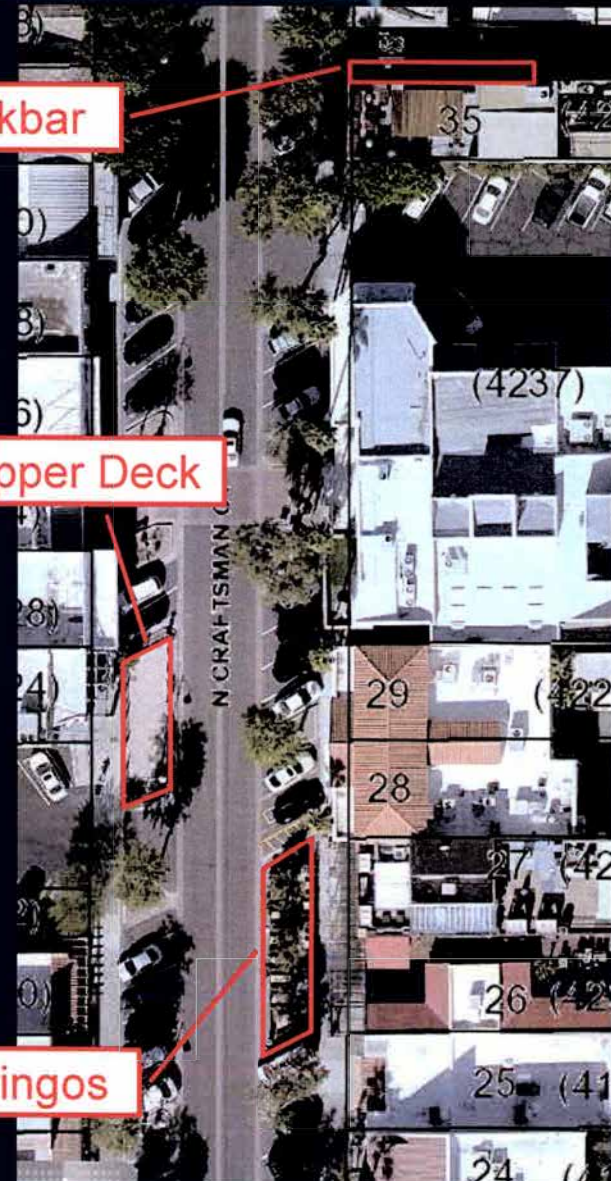
## Other Licenses

- Key difference: Parking
- Upper Deck:
  - No cause termination, 30-day notice
- Dos Gringos:
  - Notice given for violations regarding unauthorized assignment, unauthorized use
  - Owner chose not to correct
  - Terminated for cause

Rockbar

Upper Deck

Dos Gringos



## Valuation



- Current license: \$3.07 per sf per year
- New license: \$7.41 per sf per year
  - Same rate as other licenses using standard terms approved in 2015
  - Market based: \$70 per sf valuation, payment of 10% of value per year, with CPI escalator
- Over 15 years, City receives \$111 per sf total, *and still owns the land*

## Term



- Fifteen year license
- Revocable; 30-day notice if revoked for no cause
- Recent history:
  - Code Enforcement: No violations in past 12 months
  - Police: No operational violations reported past 24 months





# Questions and Comments

Item 7

## **Rockbar Outdoor Dining License**

City Council  
December 2018

### **Action**

Authorize Outdoor Dining License  
Agreement 2018-176-COS with JE  
Southwest Group Real Estate LLC and their  
tenant, Rockbar, Inc

- 419 sf licensed area
- Located in an alley east of Craftsman Court
- Replaces existing license, in place since 2004, expires January 2019
- Uses standard terms and pricing common to other licenses

## Location



## Location



## **Food Service**

- Adjacent business must be operated as a restaurant
- Requirements to meet restaurant definition:
  - Full service kitchen preparing (not just heating or warming) entrees for individual customers
  - Offers at least 10 entrees when kitchen is open
  - Kitchen is open at all times business is open, except may close 1 hour before business closes

## **Food Service**

- Requirement: Full service kitchen preparing (not just heating or warming) entrees for individual customers



## Food Service

- Requirement: Offers at least 10 entrees



## Other Licenses

- Key difference: Parking
- Upper Deck:
  - No cause termination, 30-day notice
- Dos Gringos:
  - Notice given for violations regarding unauthorized assignment, unauthorized use
  - Owner chose not to correct
  - Terminated for cause



### **Valuation**

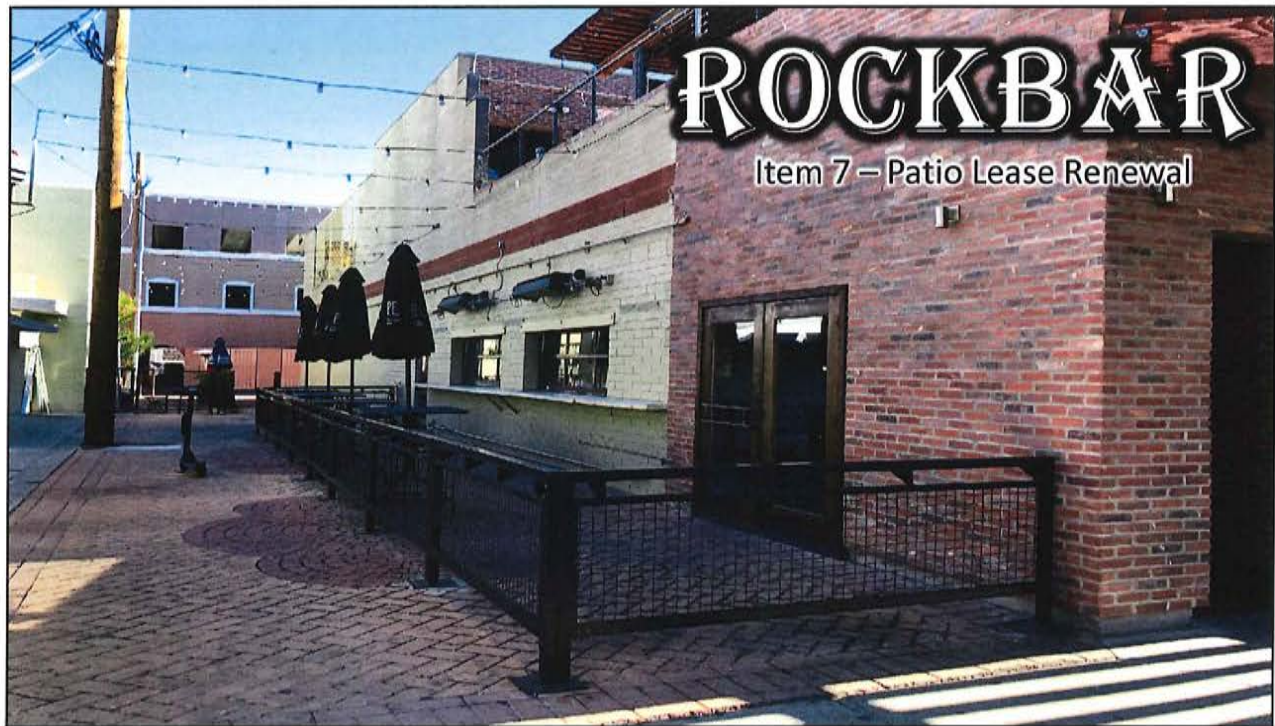
- Current license: \$3.07 per sf per year
- New license: \$7.41 per sf per year
  - Same rate as other licenses using standard terms approved in 2015
  - Market based: \$70 per sf valuation, payment of 10% of value per year, with CPI escalator
- Over 15 years, City receives \$111 per sf total, *and still owns the land*

### **Term**

- Fifteen year license
- Revocable; 30-day notice if revoked for no cause
- Recent history:
  - Code Enforcement: No violations in past 12 months
  - Police: No operational violations reported past 24 months

## **Questions and Comments**





## ROCKBAR

- Liquor License in operation at this location since 1980
- Street has always been home to vibrant establishments  
(Trader Vics in the 60s – Nick's Pier 7 – Stan Stones Deli)
- Not a new use on this street

**NO VIOLATIONS!**

**GREAT OPERATOR!**





**Outdoor Patios and the 20 Foot Rule**

Outdoor patios are one of the seven exemptions of the Act and therefore smoking is allowed on outdoor patios. If an outdoor patio is less than 20 feet from any entrance, open window, or ventilation system of an establishment, smoking is still allowed, but only if the proprietor uses a method to prevent smoke from drifting into the building.

Examples of methods that can be used to prevent smoke from drifting into the building include:

- Physical barriers such as curtains, physical barriers, or other means
- Smoke-free entrance into the building
- Proper placement of the patio
- Proper placement of the patio
- Proper placement of the patio

This brochure was created to help you understand the requirements of the Smoke-Free Arizona Act, A.R.S. § 16-1601.01 ("the Act"), with regards to outdoor areas, including outdoor patios.

Arizona Department of Health Services

WWW.SMOKEFREEARIZONA.ORG



Establishment through entrance, windows, ventilation systems, or other means.

If an outdoor patio of a public place or place of employment is located within 20 feet of any entrance, open window, or ventilation system, smoking is allowed anywhere on this outdoor patio as long as tobacco smoke does not enter into the enclosed area.

In order to prevent smoke from drifting into the establishment, some proprietors have chosen to use methods or a combination of methods such as, but not limited to **air curtains**, physical barriers, fans, or blowers. Please keep in mind that these methods are only examples and not a requirement of the Act.

**Outdoor Patios and the 20 Foot Rule**

Outdoor patios are one of the seven exemptions of the Act and therefore smoking is allowed on outdoor patios. If an outdoor patio is less than 20 feet from any entrance, open window, or ventilation system of an establishment, smoking is still allowed only if the proprietor uses a method to prevent smoke from drifting into the establishment.

Smoke-free entrance into the establishment to prevent tobacco smoke to drift into the establishment through entrances, open windows, or other means.

Public place or place of employment within 20 feet of any entrance, open window, or ventilation system, where on this outdoor patio smoke does not enter into the establishment.

Smoke from drifting into the establishment. Proprietors have chosen to use a combination of methods such as, but not limited to, air curtains, physical barriers, fans, or blowers. Please keep in mind that these methods are only examples and not a requirement of the Act.

This brochure was created to clarify the requirements of the Smoke-Free Arizona Act, A.R.S. § 36-601.01 ("the Act"), with regards to outdoor areas, including outdoor patios.

Arizona Department of Health Services

WWW.SMOKEFREEARIZONA.ORG

## -THE TRUTH-

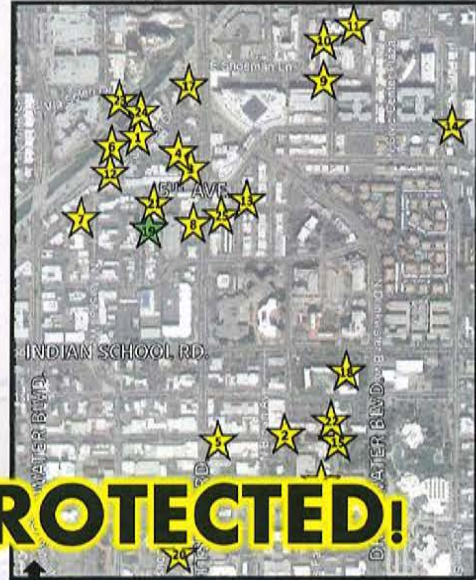
- The Neighborhood supports Rockbar
- Rockbar has a kitchen
- Rockbar has diverse menu
- Patio kept tidy and clean
  - Swept every night; power washed once per week
- Other patios went away
  - UpperDeck closed; Dos Gringos chose to not renew
- NO Noise Violations
- Smoking on patio is legal – Air Curtain
- Rockbar does NOT serve outside food on patio
- Liquor License in operation at this location since 1980

## -SUMMARY-

- 25 Patio leases in Downtown area
- There is no reason to single out Rockbar for any special or different treatment
- City is already protected in the ODLA

Section 1.5: *"Either party shall have the unilateral right to terminate this Agreement for any reason whatsoever or for no reason at any time upon thirty (30) days notice."*

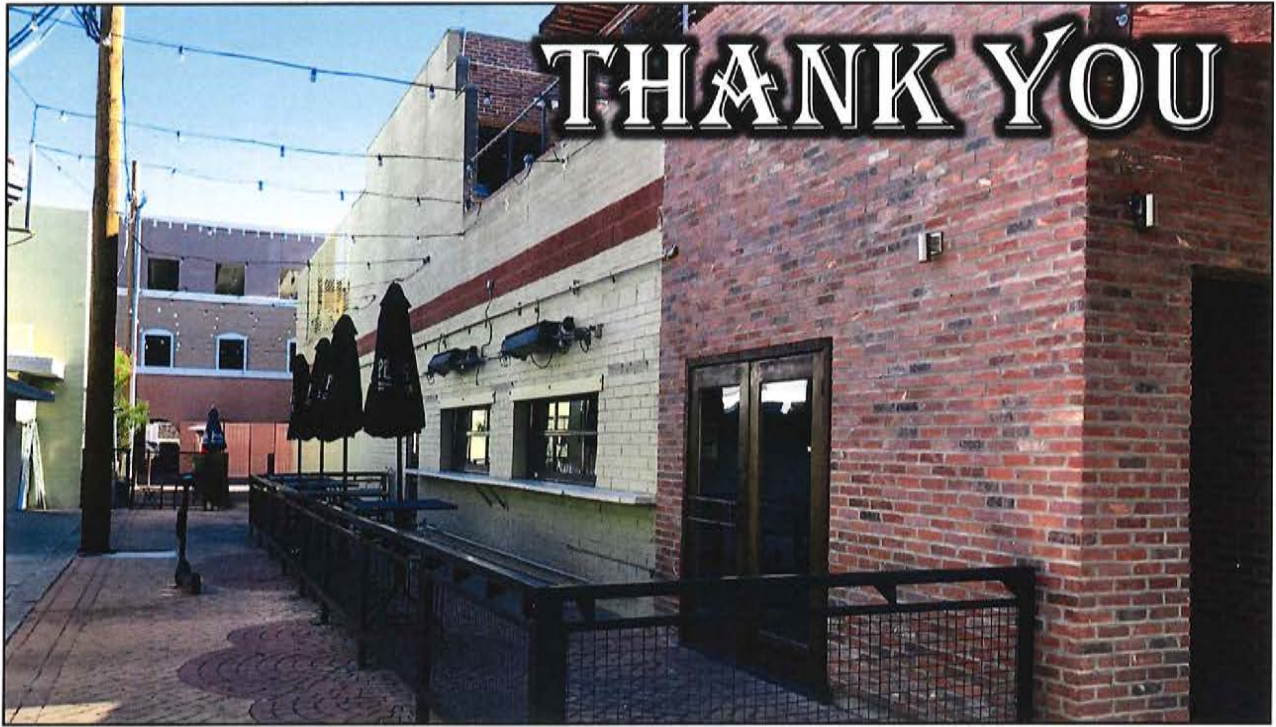
**CITY IS FULLY PROTECTED!**



## ROCKBAR

- **Well managed**
- **No Citations or calls for service**
- **Clean and maintained**
- **Vibrant and longstanding business**





**Smith, Erica**

**From:** Webmaster  
**Sent:** Friday, November 30, 2018 7:27 AM  
**To:** Smith, Erica  
**Subject:** Comment on 12-11-2018 Agenda Item (response #11)

## Comment on 12-11-2018 Agenda Item (response #11)

### Survey Information

Site:	ScottsdaleAZ.gov
Page Title:	Comment on 12-11-2018 Agenda Item
URL:	<a href="https://www.scottsdaleaz.gov/council/meeting-information/agenda-comments/12-11-2018">https://www.scottsdaleaz.gov/council/meeting-information/agenda-comments/12-11-2018</a>
Submission Time/Date:	11/30/2018 7:26:24 AM

### Survey Response

<b>AGENDA ITEM</b>	
Which agenda item are you commenting on?	Item 7 Rock Bar patio lease
<b>COMMENT</b>	
Comment:	<p>This lease does not "encourage high quality retail and entertainment." This dining lease for a bar without a kitchen is a complete farce. This patio is for smoking patrons. Does the city of Scottsdale really need to make \$3,100 a year for this space so that Patrons of the Rock Bar can smoke? This is an abuse of city property and this lease should not be granted by the council. Dan Worth, please go to the Rock Bar and observe the abuse of our property before you push this ridiculous lease. How much has Mr. Ebby, owner of Rock Bar contributed to council campaigns? How much has Alex Mundy contributed too? Let us clean up our city and keep the bars on the east side of Scottsdale Road. Hopefully, Dos Gringos will be torn down for an improved property just down the street. That would leave this property as the only non conforming property on a street that offers retail, service and residential. Please do not renew this lease, or this issue will become a much bigger issue for all of you on the council.</p>

Comments are limited to 8,000 characters and may be cut and pasted from another source.

**NAME**

Name: Sandy Schenkat

**CONTACT INFORMATION**

Please provide the following information so someone may follow up with you if they have questions about your comment (optional).

Email: [sandra@hbc.com](mailto:sandra@hbc.com)

Phone: (480) 268-9200

Address: 10961 E Gary Rd.

Example: 3939 N. Drinkwater Blvd, Scottsdale 85251



## Smith, Erica

---

**From:** Webmaster  
**Sent:** Saturday, December 01, 2018 1:07 PM  
**To:** Smith, Erica  
**Subject:** Comment on 12-11-2018 Agenda Item (response #13)

### Comment on 12-11-2018 Agenda Item (response #13)

#### Survey Information

Site:	ScottsdaleAZ.gov
Page Title:	Comment on 12-11-2018 Agenda Item
URL:	<a href="https://www.scottsdaleaz.gov/council/meeting-information/agenda-comments/12-11-2018">https://www.scottsdaleaz.gov/council/meeting-information/agenda-comments/12-11-2018</a>
Submission Time/Date:	12/1/2018 1:06:45 PM

#### Survey Response

<b>AGENDA ITEM</b>	
Which agenda item are you commenting on?	Item 7 Rockbar Patio Lease
<b>COMMENT</b>	
Comment:	<p>Mayor and Council Members, I am writing about the proposed Outdoor Dining License Agreement with JE Southwest Group / Rockbar at 4245 N. Craftsman Court. I am opposed to having this lease extended / approved for the following reasons. Just as 2 of the 3 other outdoor dining spaces along Craftsman Court for Upper Deck and Dos Gringos have been removed, The one at Rockbar should also be removed. After a failed attempt to have these bars have an outdoor 'dining space' that they claimed were used as if they were a 'restaurant', these dining patios did not and do not meet the cities own description of the intended use....which is why the two other patios have been removed. As outlined in the City Council Report: ANALYSIS &amp; ASSESSMENT states: 1. On-site food preparation is required. This does not occur since the bar does NOT have a fully functioning kitchen to actually prepare food. 2. Cooking on the patio is prohibited. This occurs regularly when they bring a BBQ on site to cook on, since they do not have a kitchen. This is never regulated or enforced by the city. RESOURCES IMPACTS states: Maintenance</p>

	<p>Requirements No significant maintenance requirements will result from this action... The city should at least monitor the lack of maintenance and mess generated at this area and at the least enforce basic maintenance. As it is currently maintained, it does not 'Encourage high quality retail and entertainment', As the General Plan Goal states. It mainly serves as overflow for the bar and gives the patrons a place to smoke. I do not understand how the STAFF RECOMMENDATIONS can recommend adoption / approval when so many of the basic requirements are not met. Under RESOLUTION NO. 11282, Exhibit D, Rockbar DOES NOT meet 1 of the 8 restrictions listed. Part of the documents submitted with their application should include proof, such as drawings, plans and photographs of the kitchen and the menu showing AT LEAST a basic adherence to these restrictions, but there are NONE since they do not exist. Again, this lease SHOULD NOT be approved.</p>
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Comments are limited to 8,000 characters and may be cut and pasted from another source.

#### NAME

Name:	Steve Johnson
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#### CONTACT INFORMATION

Please provide the following information so someone may follow up with you if they have questions about your comment (optional).

Email:	<a href="mailto:smj4562@gmail.com">smj4562@gmail.com</a>
Phone:	(602) 793-2989
Address:	4242 N. CRAFTSMAN COURT SCOTTSDALE, AZ. 85251

Example: 3939 N. Drinkwater Blvd, Scottsdale 85251

**Smith, Erica**

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**From:** sandra schenkat <sandyjusticeforall@gmail.com>  
**Sent:** Monday, December 10, 2018 5:37 AM  
**To:** Klapp, Suzanne; FastFrame North Scottsdale  
**Cc:** Kathy Littlefield; David N. Smith; Guy Phillips; Jagger, Carolyn; Thompson, Jim; Jim and Sandy Bruner; Solange For Scottsdale; Wayne Schutsky  
**Subject:** Scottsdale Progress article 12/9/18 (Rock Bar) City Council agenda Item 7 on 12/11/18

Hello Councilwoman Klapp,

The Rock Bar lease agreement is much more important than just 419 sq. ft. for dining, smoking and drinking on city land.

The fact that John Eby and Alex Mundy have contributed to your campaign along with their contributions to Lane, Korte and Milhaven really is the key issue. It is very obvious that council majority have found in favor of this bar over the years because of campaign contributions. Now is the time for you to distance yourself from the other three on council and especially Korte.

I will be speaking for 3 minutes about my history with the Rock Bar and will elude to the fact that it is apparent that council members votes have been bought to support this bar. While this is just a small example of how votes take place on council, it is the beginning of transparency and the citizens taking back their government. You are the swing vote on this issue and you can align yourself on the side of the citizens if you, David, Kathy and Guy all vote against the lease agreement. This is an example on a small scale of contribution ethics and validity of voting. I hope you, along with David, Kathy and Guy, will do the right thing and vote NO on Resolution 11282. There will be several people objecting to this abuse of city property so be prepared to hear the real truth about the Rock Bar on Tuesday evening. Thank you, Sandy Schenkat

ps. I hope all council member read the article published 12/9/18 in the Progress. It is just the beginning of truth telling in Scottsdale.



**A**s Scottsdale considers a new license agreement with Rockbar for a patio, locals and business owners have called on the city to nix the deal over concerns that the Craftsman Court bar is violating its spirit.

Scottsdale has had a license agreement for the property owner since 2004 that allows Rockbar to operate a dining patio on city-owned outdoor space in an alley adjacent to the bar.

According to the agreement, "Activating public spaces through outdoor dining patios and similar amenities increases the attractiveness of downtown to tourists and otherwise advances the prosperity of downtown and the broader community."

The current deal is set to expire in January and the City Council will consider approving a new one Dec. 11.

The city has around 25 similar outdoor dining licenses in the downtown area, said Public Works Executive Director Dan Worth.

Some residents and local property owners do not believe the agreement with Rockbar will meet the city's stated goal of increasing the area's attractiveness.

Frederika Ranucci, who has owned property in Craftsman Court for nearly 30 years, said the area is primarily made up of high-end retailers and service-oriented businesses.

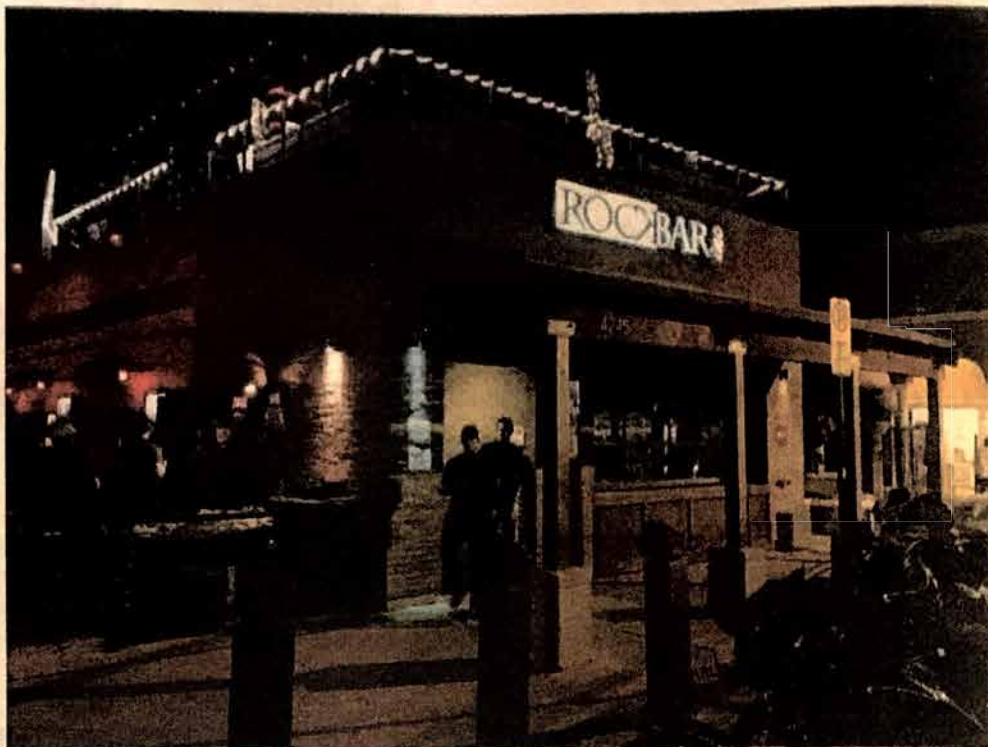
"If the patio is for drinking and smoking, that does not contribute to the environment," she said. "If the patio itself is not being used for dining, then it shouldn't be allowed, even if there is a kitchen."

Complaints center on what constitutes a "dining patio." Under the agreement, Rockbar must operate as a restaurant with a "full service kitchen" on site that prepares food, "not just heating and warming" pre-prepared food.

The agreement requires Rockbar to serve 10 entrees.

Resident Sandy Schenkat argued that Rockbar's kitchen is not full service and that the patio operates as a drinking and smoking, not a dining, area.

"It's a farce," she said. "There is no kitchen: just a microwave."



(Special to the Progress)

The city is considering signing a new outdoor dining license agreement with Rockbar at the City Council meeting on Dec. 11.



(Special to the Progress)

Some locals argue Rockbar's cooking area doesn't qualify as a full-service kitchen as required by the city.

meat slicer and a conveyor roaster/broiler.

In a statement sent to the Progress, Coalition of Greater Scottsdale Chair Sonnie Kirtley echoed Schenkat's concerns, and said that "only basic bar finger food is served and not ten distinct entrees that are cooked."

Rockbar's current menu includes 14 items, including four sub sandwiches, three pizzas, flatbread and an array of

"There is no full-service restaurant, sit-down experience," Kirtley's statement read.

Part of the issue is a lack of clarity in the city's guidelines.

For instance, while the city requires that the establishment offers 10 entrees, it does not define what constitutes an entrée and what is merely an appetizer.

The guidelines also do not define



## ROCK BAR FROM PAGE 4

what constitutes a "full service kitchen" beyond stating that it cannot simply warm or heat up food.

Councilmember Guy Phillips acknowledged as much when he supported renewing the old license agreement with Rockbar in 2016.

"That's not the applicant's fault that we don't specify what constitutes a kitchen," Phillips said at a council meeting in 2016.

Many of those complaining about the potential new agreement also came out against the renewal in 2016.

At the time, the property owner argued that he had met all necessary requirements.

Court Rich of Rose Law Group, who represented property owner John Eby, said that prior to 2016, the agreement did not include the kitchen requirement but that as soon as the city made its concerns known, Eby worked to ensure that his tenant, Rockbar, complied with the new kitchen requirement.

Detractors have argued that the city terminated similar licenses from businesses in the past in the area, including Dos Gringos. The new agreement would allow the city to cancel

the agreement without cause.

Worth said that previous agreement cancellations were under different circumstances.

A city presentation stated that Rockbar has had no code violations in the past 12 months and no operational violations from police in the past 24 months.

Despite the ambiguity in the city's rules, local property owners and business operators have taken issue with the effect the patio – and Rockbar as a whole – has had on the Craftsman Court area.

"Our concern is that the outdoor dining patios are meant to serve a very explicit purpose as stated by the city, which is to energize and activate neighborhoods. That is sensible to me," said Ranucci.

"If the bar is using the patio simply as extension of bar operation, if it is drinking and smoking primarily, this undermines the objective of the license as stated by the city," she said.

"It doesn't add value to the area," said Steve Johnson, who owns Atelier in Craftsman Court, referencing the patio.

Detractors also argued that the length of the agreement – 15 years – is too long and that amount that the property owner will pay for the space

is below market value.

The annual use fee attached to the pending agreement is \$3,105, with annual escalations based on the consumer price index.

Worth, the public works executive director, said the city used a market rate assessment to determine the value of the 419-square-foot parcel.

Those against the agreement also argued that campaign contributions also unduly influenced past council decisions and could affect the vote on Monday.

Of the five Councilmembers that voted to approve the license agreement in 2016, four – Mayor Jim Lane and Councilmembers Suzanne Klapp, Virginia Korte and Linda Milhaven – received contributions from parties with interests in the bar and property.

City records show that Eby, the property owner, donated \$500 to Milhaven's recent campaign and also contributed \$1,000 to the campaigns of Klapp and Korte prior to the 2016 election.

Eby also donated \$2,000 to Lane's 2016 mayoral campaign.

Rockbar owner Alex Mundy contributed \$300 to Lane's 2016 campaign and made \$400 in in-kind contributions to Milhaven's 2018 campaign. 🍷



# ROCKBAR SUPPORT MAP

1. GEM TIME  
(7111 E 5<sup>th</sup> Ave #A)
2. 7111 E 5th Ave
3. FREEMAN LAW  
(4248 Craftsman Ct. #100)
4. 4234 N CRAFTSMAN CT.
5. 4160 N. Craftsman Ct. #101
6. KACTUS JOCK  
(7121 E. 5<sup>th</sup> Ave. #5,6,7)
7. 7121 E. 5<sup>th</sup> Ave. #17
8. 7125 E. 5<sup>th</sup> Ave.
9. 4253 N Craftsman Ct. #11
10. 4237 N. Craftsman Ct.
11. 4209 N. Craftsman Ct.
12. 4169 N. Craftsman Ct.
13. 4165 N. Craftsman Ct.
14. 7155 E. 5<sup>th</sup> Ave.
15. LOCO PATRON  
(4228 N. Scottsdale Rd.)
16. COLD BEER & CHEESEBURGERS  
(4222 N. Scottsdale Rd.)
17. BURBON & BONES  
(4200 N. Scottsdale Rd.)
18. GELATO SHOP  
(4166 N. Scottsdale Rd.)





# Rockbar Support Petition

I, the undersigned, work at and/or own a business in and around Craftsman Court in Old Town Scottsdale and support the renewal of Rockbar's patio lease agreement. The patio is kept clean and adds a welcoming and comfortable outdoor area for patrons/out of town visitors to enjoy year-round. **Please vote to renew this outdoor patio lease agreement!**

Name	Business and/or Address	Email/Phone
CRISTINA ESPINOZA	QEMTIME 7111 E. 5 <sup>th</sup> Ave. SCOTTSDALE, AZ 85251	480-874-8066
DAVID CREED	4234 N. CRAFTSMAN CT. SCOTTSDALE, AZ 85251	602 549 9559
Justin VonBibber	4169 N Craftsman Ct 85251	702 883 0350
Gua Alencar	4165 N. Craftsman Court 85251	602-460-2072
<del>Arthur Sommer</del>	4160 N. Craftsman Court #101	<del>602</del> 480 423.3561
Jim Neumann	Sets! 4209 N. Craftsman Court.	630-292-3347
Lance Burgess	4228 N Scottsdale Rd	480-874-0033
DAVID ORTEGA	7155 E. 5 <sup>th</sup> AVE.	480-580-5605
Will Richard	4222 N. Scottsdale Rd.	858-715-7322

# Rockbar Support Petition

I, the undersigned, work at and/or own a business in and around Craftsman Court in Old Town Scottsdale and support the renewal of Rockbar's patio lease agreement. The patio is kept clean and adds a welcoming and comfortable outdoor area for patrons/out of town visitors to enjoy year-round. **Please vote to renew this outdoor patio lease agreement!**

Name	Business and/or Address	Email/Phone
David Free	4237 N. Craftsman Ct. Scottsdale, AZ 85201	602-799-7711
Elizabeth Ingundamort	7121 E 5th Ave Suite 17 Scottsdale	480-518-2675
MIKE FORNELL	7125 E 5TH AVE SCOTTSDALE,	602-527-2464
Thomas Rato	4166 N. Scottsdale Rd #102 GRATO SPOTS	602-430-8884
Liana Tierney	1220 E McKellips Rd #141 SECOND STORY	602-575-4998
Barbara Brewer	4248 N. Craftsman Ct SCOTTSDALE AZ 85257 FREEMAN LAW	480-398-3100
JWEN COLE	7111 E. 5TH AVE SCOTTSDALE AZ 85257	480-398-4208 D.COLE@165HOTSPITALITY.COM
Courtney Howcroft	4253 E. Craftsman Suite 11	Courtney@evolvedmd.com 602-526-2224
Holly Billeci	6420 E Cypress St Scottsdale	
CHRIS MARSHBURN	7121 E. 5TH AVE. Suite 5, 6, 7 4200 N. SCOTTSDALE RD.	602-369-6688