

# Downtown Restaurant and Food Business Incubator *- Main Street Market -*

City Council Study Session

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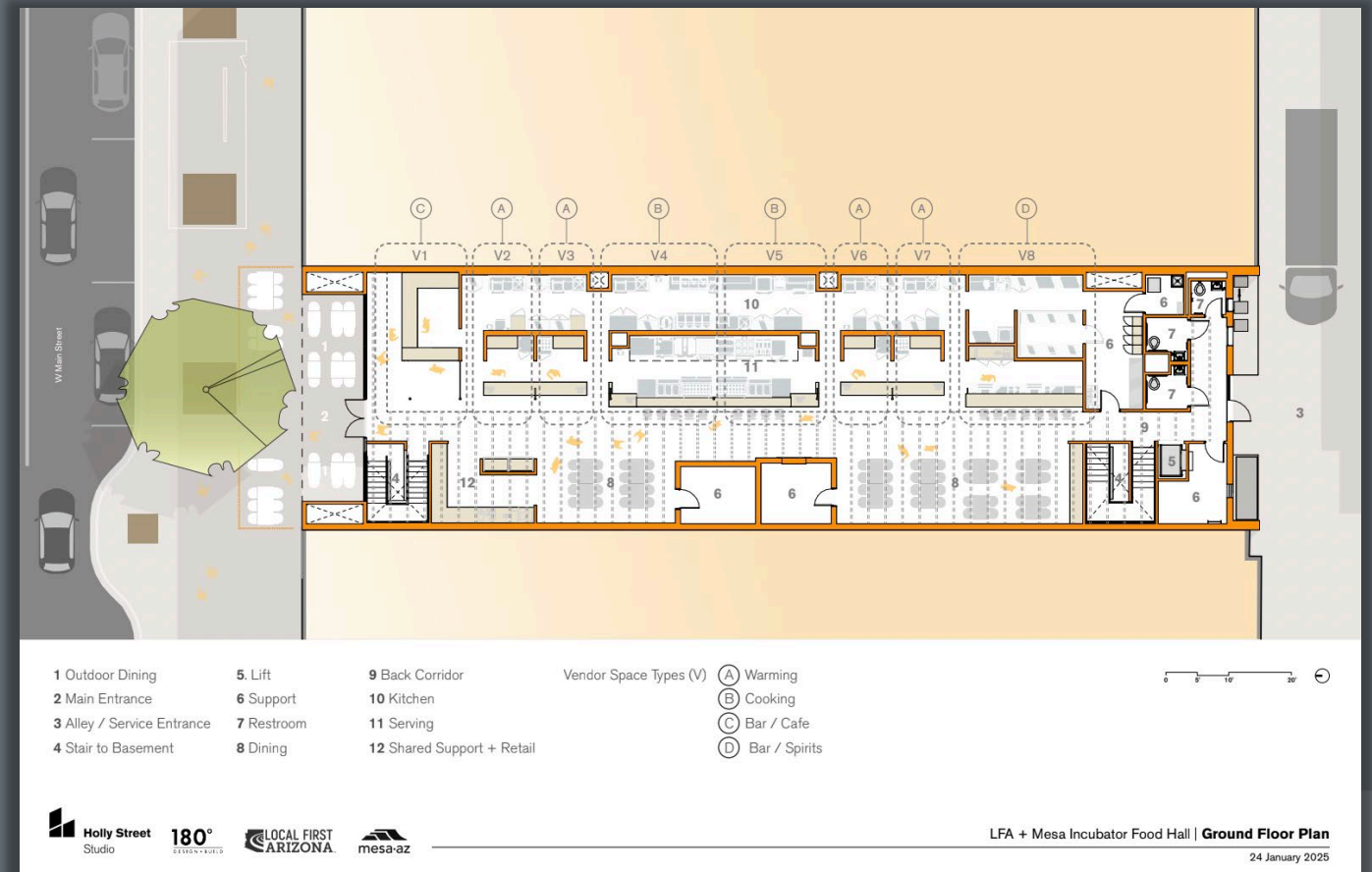
## Project Overview

- ARPA funded project
- City purchased 111 W. Main Street in 2022
  - Create restaurant incubator/food hall
  - Diverse public dining opportunities
  - Most will be start-ups, learning to be resilient and sustainable
  - Grow into future Mesa businesses in their own location



## Project Overview - Design

- 1<sup>st</sup> Floor
  - Large shared kitchen
  - Public modern food hall
    - 7 restaurant bays
    - Bar featuring local brands
  - Small dining space incorporating historic bank safe
- **Basement**
  - Classrooms
  - Production kitchen
  - Food production
  - Packing/shipping
  - Photo studio
  - Storage





## Project Overview - Construction

- Design/ Build Contractor Selection
  - Received two responses to RFQ
  - Awarded to 180 Degrees Design + Build
- Contract includes:
  - Final design of entire building
  - Full build-out of 1st floor and exterior improvements
  - Warm shell for 2nd floor and basement
  - Mechanical, electric, and plumbing to support future build-out
- Contract amount: \$4.57M









## Local First Arizona

- Working in partnership with Mesa for over 10 years
- Launched incubator kitchen at El Rancho del Sol in 2008 (now have 5)
- Graduated 160 food businesses, with a 78% success rate after 5 years
- Largest local business coalition in the country delivering business assistance to more than 2,500 businesses annually



## How the incubation program supports growing businesses

### Benefits include:

- Quarterly business consulting & workshops
- Connections to new revenue streams, vending opportunities and local sourcing
- Access to business development templates
- Access to Local First network and business support resources
- Reduce barriers to entry with below market rate rent & operating costs
- Access to professional and collaborative kitchen space for production





- Local First's Business Accelerators teach strong business acumen and financial literacy
  - Fuerza Local
  - We Rise
  - Loan Readiness Boot Camp
  - Good Food Boot Camp
  - Ag Business Boot Camp
- Farm to Table, supporting local farms
- Workforce training for hospitality
- Cottage Industry brings people to legitimacy

## Lease Agreement - Terms

- Initial Term: 10-years
  - Three, five-year renewals
- \$10,000/year rent
  - Rent escalation of \$5,000 per year, at each renewal.
  - City holds rent income to offset landlord costs
- LFA responsible for typical operations and maintenance
- City responsible for major systems and structure



## Lease Agreement – LFA Obligations

- Provision of all incubator programming
  - Minimum of five annual Program Participants (first floor)
  - Minimum of 80 annual Program Participants (upon build-out of basement)
  - Min. 4 Program Classes quarterly with 20+ participants
  - Mesa resident/business preference
- LFA to reinvest any profit back into program
- Food Court open minimum 6 days/week (8 hours/day)
- Quarterly reporting to City on program metrics



Holly Street  
Studio  
Sketch at Front Entry

## Lease Agreement – City Obligations

- Full design of improvements to support restaurant and food business incubator programming
- Full build-out of 1st floor and exterior improvements
- Warm shell for basement
- Mechanical, electric, and plumbing to support full build-out of first and second floor





## Next Steps

- City Council action on Lease Agreement: **June 8, 2026**
- Complete construction: **October 2026**
- Commence Incubator programming: **January 2027**

# DISCUSSION AND QUESTIONS