Administrative Report

H.17., **File #** 26-0847 **Meeting Date:** 7/21/2026

To: **MAYOR AND CITY COUNCIL**

From: ELIZABETH HAUSE, WATERFRONT AND COMMUNITY SERVICES DIRECTOR

TITLE
APPROVE AN EXCLUSIVE NEGOTIATING AGREEMENT BETWEEN THE CITY OF REDONDO BEACH AND MULTIVERSE PLATFORMS INC FOR 123 INTERNATIONAL BOARDWALK, THE FORMER FUN FACTORY SPACE

EXECUTIVE SUMMARY
Approval of the proposed Exclusive Negotiating Agreement (ENA) with Multiverse Platforms Inc (Multiverse), doing business as Level Up, will authorize the City to enter into an exclusive negotiation period for the potential lease of the former Fun Factory space located on the International Boardwalk. The ENA provides an initial 60-day due diligence period, with one optional 30-day extension, followed by a lease negotiation period of up to 60 days, with one optional 30-day extension. Execution of the ENA does not obligate the City to enter into a lease agreement, but establishes a framework for the parties to evaluate the project and negotiate mutually acceptable lease terms.

BACKGROUND
The former Fun Factory Space, located on the International Boardwalk, has remained vacant since 2019. In December 2025, the City's leasing team issued a Memorandum of Offering (MOO) for the approximately 29,550-square-foot space, with expressions of interest due in January 2026. That solicitation process resulted in two qualified respondents for the property.

Concurrent with the solicitation process, the City initiated review of the property under the California Surplus Land Act. The Act requires local agencies to provide certain notices and offer qualifying surplus properties for affordable housing development prior to pursuing other dispositions, unless an exemption applies. In May 2026, the California Department of Housing and Community Development (HCD) determined that the property qualified for an exemption, allowing the City to proceed with lease negotiations for the site.

Following evaluation of the proposals received, staff identified Multiverse, operator of Level Up, as the preferred negotiating party. Level Up is a family-controlled entity headed by Raman Walid who has considerable experience in branded family entertainment enterprises, including having spent time with Disney in Strategic Planning across their offerings. Multiverse has proposed a family entertainment venue featuring bowling, arcade games, food and beverage service, and other recreational amenities similar to its existing operation in Palos Verdes. The proposed use is generally consistent with the site's longstanding entertainment-oriented character and is intended to activate a prominent waterfront location by providing new family-oriented recreational opportunities.

The proposed ENA establishes an exclusive period during which Multiverse may complete its due diligence and the parties may negotiate the terms of a potential lease agreement. During this period, Multiverse is expected to undertake activities including market analysis, conceptual design, preliminary planning, evaluation of required tenant improvements, and preparation of associated cost estimates. These efforts will assist both parties in determining the feasibility of the proposed project and developing lease terms for City Council consideration.

The former Fun Factory space presents unique redevelopment challenges due to its size, configuration, and original construction as the lower level of a parking structure. As a result, significant analysis and planning will be necessary to determine the scope of tenant improvements and associated project costs.

The proposed ENA provides an initial 60-day due diligence period, with one optional 30-day extension upon mutual agreement of the parties. Following completion of due diligence, the City will prepare a draft lease agreement within 30 days. Upon delivery of the draft lease, the parties will have an initial 60-day exclusive negotiation period, with one optional 30-day extension, to negotiate the terms of a potential lease agreement.

Execution of the ENA does not commit the City to approval of a lease. Any proposed lease agreement resulting from the negotiations would be presented to the City Council for consideration and approval at a future public meeting.

COORDINATION

Waterfront and Economic Development engaged with the Community Development and Finance Departments on the consideration of possible users and the steps to lease the space. The form of the ENA was prepared by the City's outside legal counsel in coordination with the City Attorney's Office.

FISCAL IMPACT

The City will incur some costs associated with staff and consultant time to facilitate Level Up's due diligence, and to review and negotiate lease terms. Those costs can be accommodated within the Waterfront Department's annual operating budget. Successful conclusion of negotiations would result in additional rental income to the Harbor Uplands Fund and increased sales tax revenues from the direct activities associated with the new venue and indirectly by bringing more visitors to the Pier and Harbor area.

APPROVED BY:

Mike Witzansky, City Manager

ATTACHMENTS

- Agmt - Exclusive Negotiating Agreement with Multiverse