



CITY OF
HAYWARD
HEART OF THE BAY

PLANNING COMMISSION

OCTOBER 4, 2012

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CITY OF HAYWARD
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(510) 583-4205 / www.hayward-ca.gov
LIVE BROADCAST – LOCAL CABLE CHANNEL 15

REVISED AGENDA
HAYWARD PLANNING COMMISSION
Thursday, October 04, 2012 , AT 7:00 PM
COUNCIL CHAMBERS

MEMBERS OF THE AUDIENCE WISHING TO ADDRESS THE PLANNING COMMISSION:

Obtain a speaker's identification card, fill in the requested information, and give the card to the Commission Secretary. The Secretary will give the card to the Commission Chair who will call on you when the item in which you are interested is being considered. When your name is called, walk to the rostrum, state your name and address for the record and proceed with your comments. The Chair may, at the beginning of the hearing, limit testimony to three (3) minutes per individual and five (5) minutes per an individual representing a group of citizens for organization. Speakers are expected to honor the allotted time.

ROLL CALL

SALUTE TO FLAG

ELECTION OF OFFICERS

PUBLIC COMMENT: (The PUBLIC COMMENTS section provides an opportunity to address the Planning Commission on items not listed on the agenda. The Commission welcomes your comments and requests that speakers present their remarks in a respectful manner, within established time limits and focus on issues which directly affect the City or are within the jurisdiction of the City. As the Commission is prohibited by State law from discussing items not listed on the agenda, your item will be taken under consideration and may be referred to staff for further action).

ACTION ITEMS: (The Commission will permit comment as each item is called for Public Hearing. Please submit a speaker card to the Secretary if you wish to speak on a public hearing item).

PUBLIC HEARINGS: For agenda item No. 1 the decision of the Planning Commission is final unless appealed. The appeal period is 10 days from the date of the decision. If appealed, a public hearing will be scheduled before the City Council for final decision.

1. Conditional Use Permit Application PL-2012-0103 – Chongyu Nie (Applicant/Owner) – Request to allow a café, commercial amusement center, and banquet hall with the sale of beer and wine. The project is located at 1019 B Street, between Main Street and Foothill Boulevard, in the Central City-Plaza (CC-P) and the Central City Commercial (CC-C) Zoning Subdistricts.



Assistance will be provided to persons requiring accommodations for disabilities in compliance with the Americans with Disabilities Act of 1990. Persons needing accommodation should contact Sonja Dal Bianco 48 hours in advance of the meeting at (510) 583-4204, or by using the TDD line for those with speech and hearing disabilities at (510) 247-3340.

[Staff Report](#)

[Attachment I - Area Map](#)

[Attachment II - Aerial Photo of Property and Surrounding Area](#)

[Attachment III - CUP Findings for Approval](#)

[Attachment IV - CUP Conditions of Approval](#)

[Attachment V - Floor Plan](#)

[Attachment VI - Business Plan](#)

COMMISSION REPORTS:

2. Oral Report on Planning and Zoning Matters
3. Commissioners' Announcements, Referrals

APPROVAL OF MINUTES

4. None.

ADJOURNMENT

PLEASE TAKE NOTICE that if you file a lawsuit challenging any final decision on any public hearing item listed in this agenda, the issues in the lawsuit may be limited to the issues which were raised at the City's public hearing or presented in writing to the City Clerk at or before the public hearing. **PLEASE TAKE FURTHER NOTICE** that the City Council has adopted Resolution No. 87-181 C.S., which imposes the 90 day deadline set forth in Code of Civil Procedure section 1094.6 for filing of any lawsuit challenging final action on an agenda item which is subject to Code of Civil Procedure section 1094.5.

NOTE: Materials related to an item on this agenda submitted to the Planning Commission after distribution of the agenda packet are available for public inspection in the Permit Center, first floor at the above address. Copies of staff reports for agenda items are available from the Commission Secretary and on the City's website the Friday before the meeting.

DATE: October 4, 2012

TO: Planning Commission

FROM: Tim R. Koonze, Associate Planner

SUBJECT: **Conditional Use Permit Application PL-2012-0103 – Chongyu Nie (Applicant/Owner)** – Request to allow a café, commercial amusement center, and banquet hall with the sale of beer and wine.

The project is located at 1019 B Street, between Main Street and Foothill Boulevard, in the Central City-Plaza (CC-P) and the Central City Commercial (CC-C) Zoning Subdistricts.

RECOMMENDATION

That the Planning Commission finds that the proposed project is Categorically Exempt from the California Environmental Quality Act (CEQA) Guidelines, Section 15332, Infill Development Projects, and approves the conditional use permit, subject to the attached findings and conditions of approval (Attachments III and IV).

SUMMARY

The applicant is proposing an establishment that would be open until 11:00 pm six days a week that has three physical components that may operate independently of one another: a café, an event hall, and a commercial amusement center (digital entertainment). The applicant also proposes to serve beer and wine for all three types of functions. The café, serving small plate items, would be open for lunch and dinner. The event hall is intended for personal events such as birthday parties, and the digital entertainment center would provide a venue for video gamers to play in a social setting. The three uses could operate simultaneously when there is an event; however, when there are no events, moveable walls would allow the café area to expand into the event area to serve more customers. The applicant anticipates there would be four events a month.

Staff supports the proposal as the proposed entertainment center would provide a recreation venue that is lacking in the downtown. The event hall and café are uses that would help create a vibrant downtown area. The Hayward Police Department (HPD) has no objection to the proposed uses, including the sale of beer and wine, as long as conditions of approval are in place related to security and alcohol service, and no gambling occurs in the digital entertainment center.

BACKGROUND

The proposed business would be located on the south side of B Street between Main Street and Foothill Boulevard (Attachments I and II). The establishment would be located between an antique store and a beauty salon. A variety of retail and service stores are located in the block. The leased area is narrow and deep (30 feet wide by 172.5 feet deep), providing 5,175 square feet of usable area.

The applicant currently operates a retail store in the space called *The Satin Rose* that primarily sells wedding accessories, such as flower baskets and ring pillows. The store was established in 2008. Prior to that, businesses that occupied the site included a discount store and another wedding supply store.

The property is within two zoning districts, Central City-Plaza (CC-P) Subdistrict, which is applicable to the front 25 feet of the property, and Central City-Commercial (CC-C) Subdistrict, which is applicable to the remainder of the property. The café is a primary use in the CC-P Subdistrict, and the digital entertainment center would only require an administrative use permit in the CC-C subdistrict. However, the sale of alcohol in both the event hall and the digital entertainment center, and the event hall itself, requires the approval of a conditional use permit in both subdistricts. A conditional use permit is also required to sell beer and wine in the café unless meals account for 60 percent of the total gross receipts; at this time, the applicant is unsure whether that threshold would be met.

DISCUSSION

Project Description – The proposal incorporates three different uses: a café in the front of the space that would be open to the public for lunch and dinner, an event hall in the middle portion of the space that would be rented out for private parties to be attended by invitation only, and a digital entertainment center in the rear portion of the space that would be open to the public where video gamers could play in a social setting. The proposed hours of operation would be between 11 a.m. and 11:00 p.m., six days a week, being closed either Monday or Tuesday. The applicant intends to employ two full-time managers, two full-time service persons and two part-time technicians (see Business Plan, Attachment VI). The proposed Floor Plan (Attachment V) also shows that a kitchen and bathrooms would be located at the back of the building, and an outdoor area behind the building that would be used for a trash enclosure, but not by patrons of the businesses.

The café would be open to the public. The café would normally have eight tables that seat approximately 32 customers but these numbers could vary depending on other events taking place at the establishment. The kitchen in the café would be equipped with an oven with a six-burner stove and a microwave oven. There would be no fryers. The café would serve sandwiches, soups, salads, omelets, and similar types of foods. Coffee, sodas, and beer and wine would also be sold. As mentioned earlier, when there is no event scheduled in the event hall, moveable walls would allow the café to expand into the event area to allow for more café customers. The café shall be fully operational during any time the business is open so that food is available along with beer and wine service (Attachment IV, Conditions 33 and 34).

The event hall is located at the center of the building space and would be rented out for private parties with a maximum of approximately 100 people. The applicant envisions birthday parties, small corporate parties and parties that are connected with the digital gaming center. All events would be by invitation only. The event hall may provide live or recorded music and may have a disc jockey. Other than during normal ingress and egress, the front doors would be closed during the times when amplified music is playing. Pursuant to the City of Hayward Noise Regulations, the noise generated by the establishment shall not exceed a level at any point outside of the property plane that exceeds seventy (70) dBA (see Attachment IV, Condition No. 35). As indicated on the submitted floor plan (Attachment V), there would be a small removable dance floor that could be installed as needed. A security guard, along with a representative of the establishment management, would be required to be on-site during events (see Attachment IV, Conditions 17a, and 37). The guard must have a California Guard Card issued by the California Department of Consumers Affairs (see Attachment IV, Conditions 16 and 17a).

The digital entertainment center would be located towards the rear of the leased area. The center would consist of an arena of 20 computers outfitted with a large array of popular video games. There would be room for an additional 20 computers if business warrants them. The target audience for the entertainment center, as indicated in the attached Business Plan (Attachment V), is video gamers that would like to play together in the same physical space and individuals who wish to play a large variety of games without purchasing the games. The gaming operation would always be available during business hours, including times when events are being held. An interior hallway on the west side of the establishment would allow access to the digital entertainment center, bypassing the event area and connecting it to the café.

The proposed establishment would be in the Downtown Entertainment Area, which encourages a mix of businesses and activities, and which will enhance the economic vitality of the downtown. It is hoped that venues such as this will encourage a resurgence of activity along B Street. A Retail Site Assessment, completed in March 2009 by Buxton Company, indicated that Downtown Hayward remains underserved by food service and drinking establishments. Vibrant downtowns are composed of a variety of destination uses that may not be found in other parts of a city, such as in a regional mall or neighborhood shopping center. It is hoped that this establishment would provide an additional recreation venue, especially for the City's families and youth.

As the proposal would be a change of use from the previous retail businesses to an assembly use, with a greater occupancy load, the Building and Fire Codes require that there be two emergency exits. The rear exit is not an acceptable emergency exit as the rear yard space does not have the sufficient size or setback from the building to be considered a safety zone, and there is currently no way to leave the property. Prior to making tenant improvements to accommodate the proposed use, the applicant's architect would need to work with the Fire Marshall and Building Official to establish an acceptable secondary emergency exit (Attachment IV, Condition No. 3b). Should the provision of a second exit not be feasible, the applicant may not be able to operate the proposed business.

Adequate parking is available downtown. Parking Lot No. 2, located across the street, has 166 spaces. The Cinema Place parking garage, located to the east of the property, has 244 parking spaces.

Conditional Use Permit – The Central City-Plaza (CC-P) and the Central City-Commercial (CC-C) subdistricts require the approval of a Conditional Use Permit (CUP) to operate the event hall and to sell alcohol. The digital entertainment center would also require an Administrative Use Permit (AUP), being in the CC-C portion of the establishment, which would be covered under the proposed CUP.

The Hayward Police Department (HPD) has no objection to the proposed uses, including the sale of beer and wine, as long as adequate measures are in place related to security and alcohol service, and no gambling occurs in the digital entertainment center. A condition of approval would prohibit any type of gambling, including the awarding of prizes of any kind or cash during game play (Attachment IV, Condition No. 4). If any investigation by HPD indicates that gambling activity is occurring, it could be cause for immediate revocation of the business license and possible revocation of the use permit. In addition, staff is recommending conditions that require a digital surveillance system that is secured on the premises and available for viewing at all times by the HPD or agents of the California Department of Alcoholic Beverage Control (Attachment IV, Condition No. 20). The permittee shall be responsible for the behavior of the patrons and the use of the event hall (Attachment IV, 13 – 22). With these conditions in place, HPD can support the proposed use.

Conditional Use Permit Findings - In order for the Conditional Use Permit Application to be approved, the following findings must be made:

A. The proposed use is desirable for the public convenience or welfare.

The Buxton Retail Site Assessment (2009) indicates that Downtown Hayward remains underserved by food service and drinking establishments. The proposed use would enhance the economic and social character of the Downtown Entertainment Area by providing a unique digital entertainment center that would draw customers, including youth and families, from not only Hayward, but also Castro Valley and San Leandro. Such customers would also benefit other Downtown Hayward businesses. The event hall and café are uses desirable to expand a vibrant downtown area.

B. The proposed use will not impair the character or integrity of the zoning district and surrounding area.

The proposed uses would be compatible with existing uses in the surrounding area, such as ME Restaurant and Lounge, the Bijou, the Bistro and other entertainment and eating establishments. Conditions of approval require the applicant to install a digital surveillance system to ensure that illegal video gaming does not occur.

C. The proposed use will not be detrimental to the public health, safety, or general welfare.

The proposed establishment consists of uses that are encouraged in the Downtown as part of a mix of businesses that will enhance its economic vitality. The use is governed by regulations of the Alcohol Beverage Control Board, and the conditions of approval of this permit. The

establishment will be operated in a manner determined to be acceptable and compatible with surrounding development in that as conditioned, all employees and the permittee of the establishment shall work collaboratively with the Hayward Police Department, with the goal of maintaining a safe, secure facility.

D. The proposed use is in harmony with applicable City policies and the intent and purpose of the zoning district involved.

The development is in harmony with applicable City policies in that it complies with the General Plan Land Use Policy that seeks to “maintain the Downtown as a focal point for the City so that it continues to provide a venue for cultural vitality, and retains its role as a center for social, political and other civic functions.” The proposal also complies with the purpose of the Central City-Plaza Subdistrict which is to “establish a unique environment of retail and other complementary uses contributing to the pedestrian nature and quality image of such streets as B Street.” The proposal also complies with the purpose of the Central City-Commercial Subdistrict which is to “establish a mix of business and other activities which will enhance the economic vitality of the downtown area. Permitted activities include, but are not limited to, retail, office, service, lodging, entertainment, education, and multi-family residential uses”.

The proposed establishment complies with the intent of City development policies and regulations in that the Downtown Design Plan recognizes that consumption of alcohol in the downtown is part of community life and policy makers have the opportunity to review and impose conditions of approval for certain alcohol-related outlets to ensure such uses are not a detriment to the downtown. Vibrant downtowns are composed of an eclectic mix of destination uses that may not be found elsewhere and the City is looking to provide uses and amenities in Downtown Hayward that would serve as an attraction and stimulus for future development opportunities.

Environmental Review - The proposed project is categorically exempt from the California Environmental Quality Act (CEQA) guidelines, pursuant to Section 153332, Infill Development Projects. The project meets the requirements of the exemption in that it is consistent with Hayward’s General Plan land use designation for the site, and the land use policies and regulations of the General Plan and Zoning Ordinance. In addition, the project site is less than five acres within an urban area and has no value for habitat for endangered, rare, or threatened species. The project can be adequately served by all utilities and public services and would not significantly affect air or water quality. Potential noise and traffic impacts are not an issue because the establishment would be required to comply the City’s Noise Regulations, which state that noise generated from this establishment must not exceed seventy (70) dBA at any point outside of the property plane. The City’s Transportation Manager has estimated that the establishment would generate approximately 38 vehicle trips during the p.m. peak hour, which would have an insignificant impact on the existing traffic flow.

PUBLIC CONTACT

On April 12, 2012, a Referral Notice was sent to every property owner and occupant within 300 feet of the subject site, as noted on the latest County Assessor's records. Planning staff received no responses as a result of that notification.

On September 24, 2012, a Notice of this Public Hearing was published in *The Daily Review* and sent to every property owner and occupant within 300 feet of the subject site, as noted on the latest County Assessor's records. As of the date the Planning Commission staff report was prepared, the Planning staff had not received any comments.

NEXT STEPS

The Planning Commission decision begins a 10-day appeal period. If approved and there is no appeal within that time period, the applicant may proceed with building permit plans. If denied, the decision could be appealed and the application would be scheduled for a public hearing before the City Council.

Prepared by: Tim R. Koonze, Associate Planner

Recommended by:



Richard Patenaude, AICP
Planning Manager

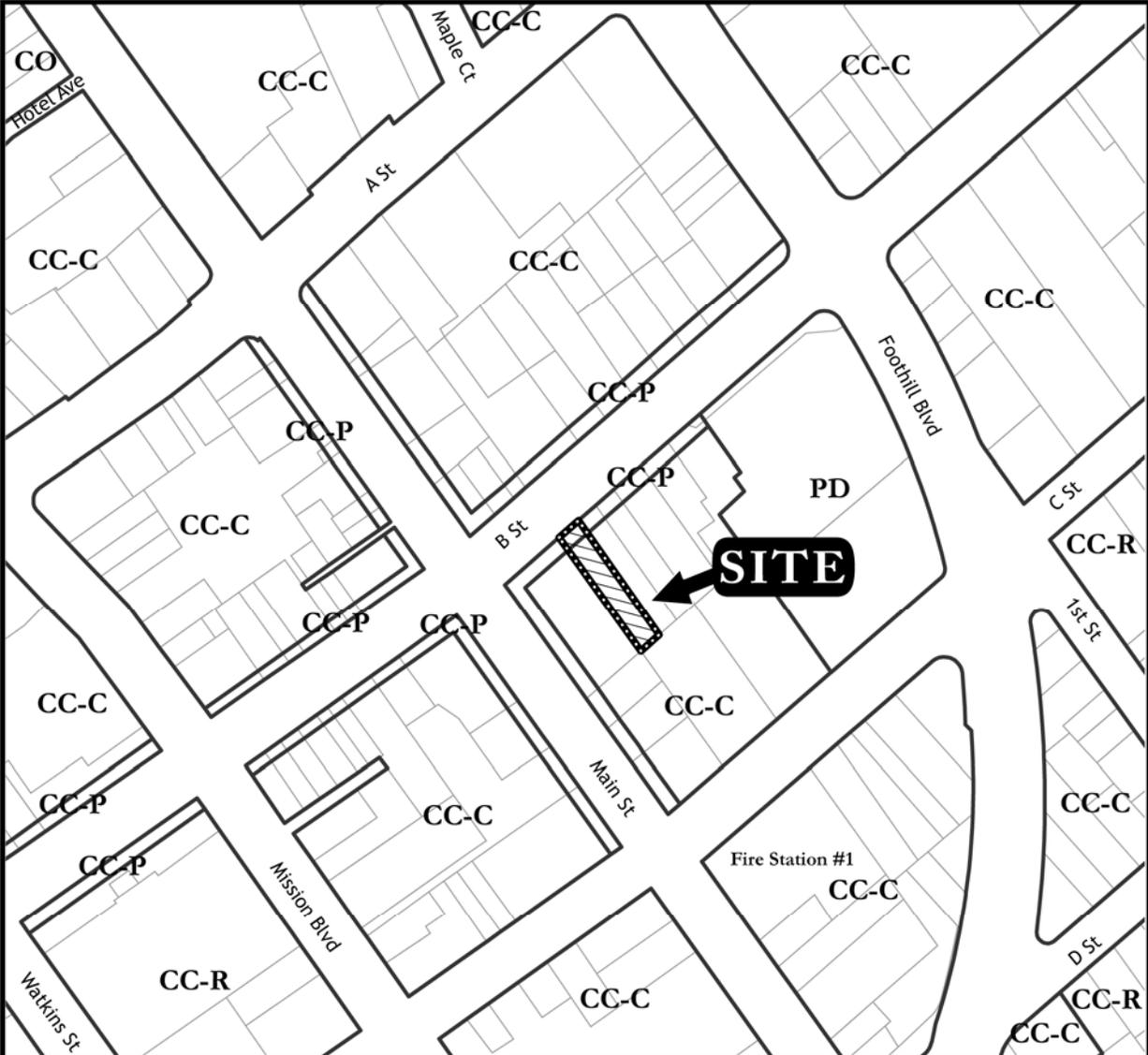
Approved by:



David Rizk, AICP
Development Services Director

Attachments:

- | | |
|----------------|-------------------------------------------------------|
| Attachment I | Area Map |
| Attachment II | Aerial Photo of Property and Surrounding Area |
| Attachment III | Findings for Approval for the Conditional Use Permit |
| Attachment IV | Conditions of Approval for the Conditional Use Permit |
| Attachment V | Floor Plan |
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Area & Zoning Map

PL-2012-0103 CUP

Address: 1019 B Street

Applicant: Chongyu Nie

Owner: Chongyu Nie

Zoning Classifications

COMMERCIAL

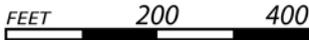
CR Commercial Retail

CENTRAL CITY

CC-C Central City - Commercial

CC-P Central City - Plaza

CC-R Central City - Residential



Aerial Photo



**CITY OF HAYWARD
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The project is located at 1019 B Street, between Main Street and Foothill Boulevard in the Central City-Plaza (CC-P) and the Central City Commercial (CC-C) Zoning Subdistricts

This permit becomes void three years after the effective date of approval, unless prior to that time a building permit application has been submitted and accepted for processing by the Building Official, or a time extension of this application is approved. Prior to final inspection all pertinent conditions of approval and all improvements shall be completed to the satisfaction of the Planning Director. A request for an extension, approval of which is not guaranteed, must be submitted to the Planning Division at least 15 days prior to October 4, 2015.

FINDINGS FOR APPROVAL

- A. The approval of Conditional Use Permit No. 2012-0103, as conditioned, will have no significant impact on the environment, cumulative or otherwise, and the project reflects the City's independent judgment and is exempt from CEQA under section 15332 (Infill Development Projects). The project meets the requirements of the exemption in that it is consistent with the general plan designation, and the policies and regulations of the General Plan and zoning Ordinance. In addition, the project site is less than five acres within an urban area and has no value for habitat for endangered, rare, or threatened species. The project can be adequately served by all utilities and public services and would not significantly affect air or water quality. Potential noise and traffic impacts are not an issue because the establishment would be required to comply the City's Noise Regulations which state that noise generated from this establishment must not exceed seventy (70) dBA at any point outside of the property plane. The City's Transportation Planner has estimated that the establishment would generate approximately 38 vehicle trips during the p.m. peak hour which would have an insignificant impact on the existing traffic flow.

B. The proposed use is desirable for the public convenience or welfare.

The Buxton Retail Site Assessment (2009) indicates that Downtown Hayward remains underserved by food service and drinking establishments. The proposed use would enhance the economic and social character of the Downtown Entertainment Area by providing a unique digital entertainment center that would draw customers, including youth and families, from not only Hayward, but also Castro Valley and San Leandro. Such customers would also benefit other Downtown Hayward businesses. The event hall and café are uses desirable to expand a vibrant downtown area.

C. The proposed use will not impair the character or integrity of the zoning district and surrounding area.

The proposed uses would be compatible with existing uses in the surrounding area, such as ME Restaurant and Lounge, the Bijou, the Bistro and other entertainment and eating establishments. Conditions of approval require the applicant to install a digital surveillance system to ensure that illegal video gaming does not occur.

D. The proposed use will not be detrimental to the public health, safety, or general welfare.

The proposed establishment consists of uses that are encouraged in the Downtown as part of a mix of businesses that will enhance its economic vitality. The use is governed by regulations of the Alcohol Beverage Control Board, and the conditions of approval of this permit. The establishment will be operated in a manner determined to be acceptable and compatible with surrounding development in that as conditioned, all employees and the permittee of the establishment shall work collaboratively with the Hayward Police Department, with the goal of maintaining a safe, secure facility.

E. The proposed use is in harmony with applicable City policies and the intent and purpose of the zoning district involved.

The development is in harmony with applicable City policies in that it complies with the General Plan Land Use Policy that seeks to “maintain the Downtown as a focal point for the City so that it continues to provide a venue for cultural vitality, and retains its role as a center for social, political and other civic functions”. The proposal also complies with the purpose of the Central City-Plaza Subdistrict which is to “establish a unique environment of retail and other complementary uses contributing to the pedestrian nature and quality image of such streets as B Street”. The proposal also complies with the purpose of the Central City-Commercial Subdistrict which is to “establish a mix of business and other activities which will enhance the economic vitality of the downtown area. Permitted activities include, but are not limited to, retail, office, service, lodging, entertainment, education, and multi-family residential uses”.

The proposed establishment complies with the intent of City development policies and regulations in that the Downtown Design Plan recognizes that consumption of alcohol in the downtown is part of community life and policy makers have the opportunity to review and impose conditions of approval for certain alcohol-related outlets to ensure such uses are not a detriment to the downtown. Vibrant downtowns are composed of an eclectic mix of destination uses that may not be found elsewhere and the City is looking to provide uses and amenities in Downtown Hayward that would serve as an attraction and stimulus for future development opportunities.

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Request to allow a café, commercial amusement center, and banquet hall with the sale of beer and wine.

The project is located at 1019 B Street, between Main Street and Foothill Boulevard in the Central City-Plaza (CC-P) and the Central City Commercial (CC-C) Zoning Subdistricts

This project shall conform substantially to the related exhibits on file with Use Permit No. PL-2012-0103, and is approved subject to the conditions below. The permit authorizes only those uses and activities proposed in the application, and exclude other uses and activities.

This permit becomes void three years after the effective date of approval, unless prior to that time a building permit application has been submitted and accepted for processing by the Building Official, or a time extension of this application is approved. Prior to final inspection all pertinent conditions of approval and all improvements shall be completed to the satisfaction of the Planning Director. A request for an extension, approval of which is not guaranteed, must be submitted to the Planning Division at least 15 days prior to October 4, 2015.

CONDITIONS OF APPROVAL

1. The permittee shall assume the defense of and shall pay on behalf of and hold harmless the City, its officers, employees, volunteers and agents from and against any or all loss, liability, expense, claim costs, suits and damages of every kind, nature and description directly or indirectly arising from the performance and action of this permit.
2. Any proposal for alterations to the proposed site plan and/or design, which does not require a variance to any zoning code, must be approved by the Planning Director prior to implementation.
3. The building permit plans shall incorporate the following information:
 - a. A copy of these conditions of approval shall be included on a full-sized sheet(s) in the building permit plan set.
 - b. An emergency exit plan that provides two points of egress. The plans shall meet the approval of the Fire Marshall and the Building Official.
 - c. A covered trash enclosure design that compliments the existing building. The location and design of the trash enclosure shall meet the approval of the City's Solid waste Control Division and the Planning Director.
4. Any type of gambling, including the awarding of prizes of any kind or cash during game play is prohibited. If any investigation by the Police Department that verifies that gambling activity is occurring could be cause for immediate revocation of the business license and possible revocation of this permit.

5. The hours of operation shall be limited to 11:00 am to 11:00 pm. seven days a week.
6. The owner shall maintain in good repair all building exteriors, walls, and lighting. The premises shall be kept clean. Any graffiti painted on the property shall be painted out or removed within 48 hours of occurrence. Public sidewalks adjacent to the establishment shall be cleaned daily. The management shall ensure that no trash or litter originating from the establishment is deposited on neighboring properties or the street.
7. If it comes to the attention of the Planning Director that the conditions of approval have been violated, the Planning Director may refer the use permit to the Planning Commission for consideration of imposing additional conditions or revoking the permit.

General Operations

8. All caterers providing service to the event hall must have a City of Hayward business license.
9. A representative from the management of the establishment shall be on the premises the entire time an event in the event hall is being held.
10. Any signage, including promotional signage, shall comply with the city's sign ordinance. No more than 25 percent of the store front glass shall be covered with advertisement and storefront glass shall not be tinted.
11. No pay phones shall be permitted on the exterior of the building or premises. Pay telephone(s) maintained on the interior of the premises shall be limited to outgoing calls only.
12. Per the California Building Code and Fire Code, occupant load signage shall be installed within the establishment.

Safety

13. The permittee shall discourage patrons and visitors from loitering and/or consuming alcoholic beverages in adjacent public rights-of-way and properties. Licensee(s) shall post and maintain on the premises notices or signs, no less than eighteen inches by twenty-four inches (18"x 24") in size, clearly visible to the patrons of the facility and to persons on the public sidewalk stating in 2-inch block lettering the following:

NO LOITERING OR OPEN ALCOHOLIC BEVERAGE CONTAINERS ARE
ALLOWED ON OR IN FRONT OF THESE PREMISES
14. Interior illumination shall allow the unaided inspection of personal identification by members of the Hayward Police Department and Security Personnel while inside the premises. The applicant shall provide a uniform minimum light level of at least one-foot-candle at the walking surface throughout the establishment.

Contracts – Licensee/Permittee Responsibilities

15. Prior to an event, the Licensee/Permittee shall maintain signed contracts for all events booked at the premise which clearly include the following at a minimum:

- a. Type of event (dinner, wedding, birthday party etc.);
- b. Number of expected guests;
- c. Alcoholic beverages service requested;
- d. Live Music, Dee-Jay and/or Dancing (Licensee/Permittee shall maintain valid Dance Permit through City of Hayward);
- e. Names, home addresses, and telephone numbers (home or business and mobile) of all event hosts/applicants - *who must be in attendance at the event at all times; and*
- f. Photocopies of a valid form of identification (California ID Card, Driver's License or Passport);

Security/Private Patrol Operators/Security Camera Systems

16. Licensee/Permittee shall maintain a reputable security company or private patrol operator to assist with security services at large events. The security/private patrol company shall be one in good standing with the California Department of Consumer Affairs and possess a valid California Security/Private Patrol Operator's License. The security/private patrol operator company selected shall maintain a written contract between said company and the Licensee/Permittee. The security/private patrol operator shall be approved by the Hayward Police Department prior to deployment and a copy of the contract between the company and the licensee/permittee shall be provided to the Hayward Police Department.
17. The following additional security/private patrol officer standards shall be maintained during each event:
 - a. There shall be at minimum, one (1) security guard/private patrol operate at the main entrance of the business during the use of the event hall. This location shall be the only point of entry and exit for the entire event.
 - b. Event hosts shall not provide their own security guards/private patrol operators.
 - c. All security/private patrol guards shall be on site during the entire duration of the event, to include thirty (30) minutes after its conclusion.
 - d. All security/private patrol guards/operators shall not carry any firearms during the event.
 - e. All security/private patrol guards/operators shall wear visible "Uniforms" that clearly identify them as security personnel. Uniforms shall have the appropriate security company identification and include patches/insignias and security guard/private patrol operator badges.
 - f. All security/private patrol guards/operators shall not consume any drugs or alcohol the day of or during any scheduled event.
 - g. All security/private patrol guards/operators shall report any crimes or public safety issues to the Hayward Police Department without delay by calling 911 or the Hayward Police Department Communications Center at (510) 293-7000.
 - h. At the conclusion of all events, security/private patrol operators shall assist in the dispersing of any crowds in the parking lots or loitering about the outside of the business.

- i. All security/private patrol operators shall assist the Hayward Police Department with the investigation of any incidents that may occur during any event.
18. The permittee shall take all necessary steps to ensure that permittee's patrons and visitors refrain from incidents of violence, intoxication, and/or loud or obnoxious behavior that adversely impact the safety and welfare of patrons in the facility and citizens in the surrounding area and the community.
 19. All employees and the permittee of the establishment shall work collaboratively with the Hayward Police Department, with the goal of maintaining a safe, secure facility. The permittee and employees will call the Hayward Police Department as needed to work with intoxicated, uncooperative, or disruptive patrons. If the permittee or employee of the facility is not able to resolve issues involving disruptive patrons, they shall call the Hayward Police Department and request assistance. Failure to work collaboratively with the Hayward Police Department or to reasonably call for assistance, as needed, may result in revocation of this permit
 20. The licensee/permittee shall maintain a fully operational digitally recorded CCTV Security system that covers all points of entry, exits, exterior barriers of the property, gaming area, event locations and/or all overall locations where alcoholic beverages can be consumed. This system must have remote access (via internet or wireless system) that has real-time viewing capabilities by the permittee/licensee and accessible to the Hayward Police Department during any emergency. The recording capabilities must be that of a system that can maintain storage of recordings for a minimum of thirty (30) days and be provided to the any peace officer upon request.

Calls for Service/Critical Incidents

21. The occurrence of more than two (2) "Critical Incidents" during business hours within a one (1) year period may constitute grounds for revocation of this permit.
 - a. "Critical Incident" is defined as any event in the sole discretion of the Police Chief that results in a crime of violence or large unruly gathering necessitating a police response of five or more police officers. Crimes of violence may include, but are not limited to discharge of firearms, robbery, physical assault, or assault with a deadly weapon.
 - b. "Premises or its adjoining grounds" will include with the structure of 1019 B Street, the sidewalk where queuing of admission occurs and the area to the rear of the business.
22. The business operator shall be responsible to reimburse the Hayward Police Department for costs associated with a police response that fits the criteria of "Critical Incident," as defined above. Failure to pay costs within 30 days of billing for the Hayward Police Department response to a Critical Incident may constitute grounds for revocation of this use permit.
23. Nothing in this condition restricts the authority of the City or Chief of Police to seek revocation of this permit for a single incident of extreme severity.

Alcohol and Food Sales Procedures

24. Violation of Department of Alcohol Beverage Control regulations is grounds for revocation of this permit.
25. Self-service of alcohol is prohibited, including refrigerated coolers or buckets of drinks in ice available prior to the customer's order of such. The sales of bottled wine (750ml) are permitted.
26. No employee or agent shall solicit or accept any alcoholic or non-alcoholic beverage from any customer while in the premises.
27. Officers, employees, volunteers and representatives of the licensee/permittee shall not consume any alcoholic beverages on the premises during the event.
28. The sale of alcoholic beverages for consumption off the premises is strictly prohibited.
29. The applicant is required to bring the Alcoholic Beverage Control application to the Planning Division for review in consultation with Police Department staff. At that time, the conditions of approval will be attached to the application form to be submitted by the proponent to the Department of Alcoholic Beverage Control.
30. No minimum drink purchase or similar charge shall be imposed on or required of customers entering the establishment. No admission charge or cover charge is permitted.
31. The permittee, before operation begins, and all employees, within three months from the date of hire, who are engaged in the dispensing of alcoholic beverages shall attend the Department of Alcoholic Beverage Control's LEAD Training. Any employee hired after this permit is approved shall attend such Training within three months of his/her date of hire. As proof of attending the Training, the Department of Alcoholic Beverage Control certificate of completion shall be submitted by the permittee for each employee upon completion of such training to the Hayward Police Department. The applicant for each employee may contact the Hayward Police Department at 510-293-7272 for information regarding class scheduling.
32. Peace officers, as listed in section 830.1 of the California Penal Code, and the Director and other persons employed by the Department of Alcoholic Beverage Control for the administration and enforcement of the Alcoholic Beverage Control Act are hereby authorized to visit and inspect the premise, at any time the licensee is exercising the privileges authorized by the Daily General Permit on such premises.
33. Food service is required to continue to the close of business each day of the week.
34. The café shall be fully operational while the digital entertainment center and event hall are being used.

Sound and Entertainment

35. The front door(s) or any operable windows shall be kept closed at all times during times when amplified music or entertainment is occurring, except in the cases of typical ingress and egress, or emergency situations. Deliveries during such times shall be prohibited. Front door(s) may not include a screen or ventilated security door. Pursuant to the City's Noise Regulations, noise generated by the establishment or its patrons shall not exceed a level at any point outside of the property plane that exceeds seventy (70) dBA.

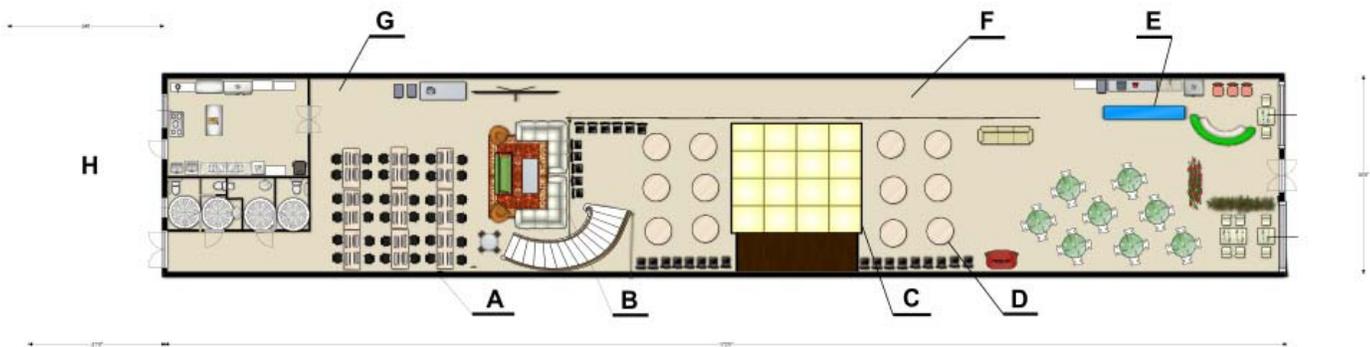
36. There shall be no adult entertainment as defined by Zoning Ordinance Section 10-1.2735 (a). In addition, there shall be no fashion or lingerie shows.
37. The events to be held at this facility shall be private parties, including, but not limited to, birthday parties, small corporate parties and parties that are connected with the digital gaming center. All events shall be by invitation only and a security guard shall be stationed at the door to monitor the guest list. The security guard and a representative of the establishment management shall be required to be on-site during all events.

Public Works, Utilities

38. The applicant/developer shall install a Reduced Pressure Backflow Prevention Assembly on each domestic and irrigation water meter, per City Standard SD-202.
39. The applicant shall install a grease control device to control fat, oil and grease discharge from any food service establishment, unless this requirement is expressly waived by the Director of Public Works or designee. The type, size, and location of the device shall be approved by the Director of Public Works.
40. A separate water service line is required to supply the fire sprinkler system. All fire services shall have a Double-Detector Check and Trim/Fire meter installed by City Water Distribution Personnel at the applicant's/developer's expense, per City Standard SD-204. Minimum sizing shall be per Fire Department's requirements.
41. The property currently has a commercial sewer service with a permitted discharge capacity of 210 gallons per day. Additional required capacity must be purchased, at the rates in effect at the time of purchase, prior to final inspection of tenant improvements.

FLOOR PLAN

Games Lounge and Cafe floor plan



NOTES:

- A: The gaming area is with no or minimum interference to the limited traffic between kitchen and front cafe.
- B: The separation between gaming area and event area will be movable and sound minimizing.
- C: The dance floor will be movable over permanent so can be removed when needed.
- D: 12 tables will be set at event hall regularly . when there is no event they will be as part of the cafe.
- E: Front service desk and cashier counter with some counter top cooking devices.
- F: The walk way is for passage of gaming area and limited traffic between kitchen and front cafe.
- G: If needed, can be used for temporary storage area.
- H: Back yard with possible storage shed.

Games Lounge and Café

1019 B St. Hayward
CA 94541

Business Plan

Contact: C.Y.Nie

510-733-9998
cyniemid@gmail.com

RECEIVED

APR 8 2012

PLANNING DIVIS.

PROJECT NUMBER
PL-2012--0103 CUP

Games Lounge and Café

The *Games Lounge and Café* is a fresh take on the classic hardcore gaming café. Part coffee shop, net café, and gaming parlor, we are aimed at a more casual gaming audience and focused on the particulars of social and interactive gaming. Our main purpose and interest is in providing a communal space for customers to come and socialize through games.

There are three major reasons for why our business will succeed.

A. It's Unique

This is a unique business that sits in center of the city of Hayward with little to no competition within a 20-mile radius. It will attract many young customers from CSU East Bay and Chabot College, as well as other game lovers. It will also provide a very relaxed atmosphere and environment for people to meet and have a good time. In addition to this, we plan to offer the space as an event hall, for various interested parties on a daily basis.

B. It has a Strong Team backing

The primary managers, Mr. C.Y. Nie and Mrs. Anna Nie, are experienced business owners of over 20 years. Their consultation board includes the following:

When we are about ready to begin our operation, we will rely heavily on Mr./Mrs. Chen (the owner of a restaurant in San Leandro for 15+ years) for training on daily running café.

We will also rely heavily on Mrs. Jean Ke, who worked at Brothers' front kitchen for 20+ years on all aspects of preparing food.

These people are very close friends of M/M Nie for more than 25 years. We certainly will consider proper compensation for their help. It should not be more than 3-6 months.

As gaming part, Cynthia Nie (M/M Nie's daughter) who has a degree of MFA in Interactive Media from USC and currently employed by Zynga, one of the biggest and most influencing game companies to the gaming industry with customers like facebook. She is staying at the leading front of the industry and will be responsible for design, planning and monitoring all aspects of the gaming part. The responsibility is very vital, but should not require her much of the time, neither hands on daily operation.

Mr. Janathan Berney, who has a MS in Computer Science, will help with the more technical issues for the build-up. He is not required to be present at store.

Cynthia and Jonathan will be responsible to pick the right technicians that will be attending daily gaming operation.

In a sense of over-all, Ms. Cynthia Chang will review/advise the whole plan. She is a sitting member of Hayward Downtown B.I.A. Advisory board, a CFO, with many years of excellent experience on helping big and small businesses.

C. Low Start-up Cost

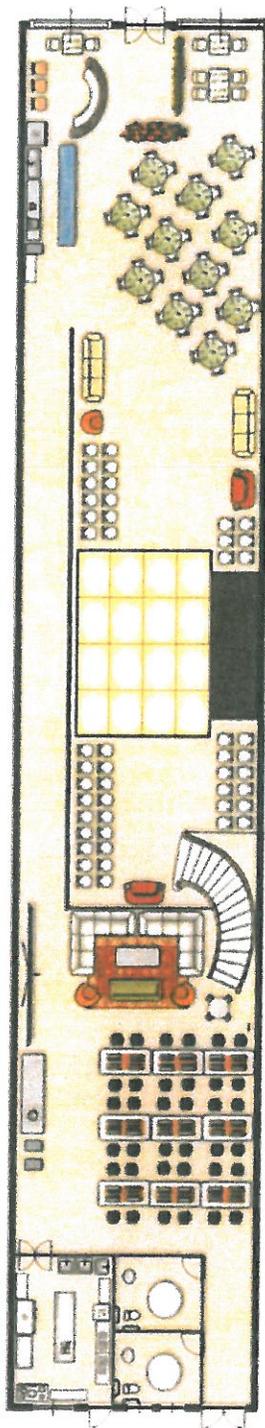
It should be noted that there is *no rent* as part of the start-up cost, which is a key factor in determining the success or failure of most businesses. Only when cash flow/profit are stable enough will rent be considered as part of the cost.

Games Lounge and Café

Executive Summary

The *Games Lounge and Café* is generally made up of three distinct sets of services..

The Café



To promote a stronger sense of relaxation and to appeal to a larger walk-by crowd, the café will serve a variety of light foods that can be eaten at the tables provided or taken to the board games lounge in the back of the store.

Free wireless internet is available for customers who may have brought their own laptops. A partial, sample menu is available in the Appendix

Digital Entertainment Center

The Digital Entertainment aspect refers to the backmost arena of computers that are outfitted with a large array of popular modern video games. (See Appendix for a sample list of games).

Target Audience

- Groups of individuals who would like to play together in the same physical space without the hassle of moving their personal setups.
- Individuals who would prefer to pay for computer time to play a large variety of titles, rather than purchase each title themselves.
- Individuals who find their home computer setup to be unsatisfactory in some way: their computers are not powerful enough to play the games that they like, they would prefer to play in a social space rather than an isolated state, etc.

Hardware

- Twenty (20) computer stations optimized for the most demanding modern video games. All stations include the following: an LCD monitor, keyboard, mouse, and a headset (sound and microphone), so that players need not disturb their neighbors.
- All stations are connected to the same local area network (LAN) to enable customers to play with one another. In addition, all stations will have access to the Internet through a broadband connection, so that customers can play any of today's most popular online games.

Payment Model

We are starting with 20 computers and some other game gears. We also plan to have room for addition of another 20 computers. We plan to charge average \$3.00 / h (with discount considered) , at 80% usage, that is about \$528 / d, plus other gears usage about \$164 / d, total will be \$ 692 / d which is about \$18,000 / m at very low cost of about 10 %.

We have considered a few pay models as following:

The First Model

Regular price
\$4 per hour

Membership Price

\$1=1 credit

Buy 20 credits, get 4 credits in your card

Buy 50 credits, get 12 credits in your card

Buy 100 credits, get 30 credits in your card

Buy 200 credits, get 72 credits in your card

That means

Buy 5 hours, get 1 hour free = \$3.33 per hour

Buy 12.5 hours, get 3 hours free = \$3.23 per hour

Buy 20 hours, get 7.5 hours free = \$3.08 per hour

Buy 50 hours, get 18 hours free = \$2.94 per hour

Each time you refer one friend to become our member, you will get 6 credits in your card.

We have special offer on event day.

The Second Model

Regular price

\$4 per hour

Membership price

\$1=1 credit

Iron Membership Card \$3.9 per hour, buy 200 credits, then become

Bronze Membership Card \$3.8 per hour, buy 500 credits, then become

Silk Membership Card \$3.7 per hour, buy 1000 credits, then become

Gold Membership Card \$3.6 per hour, buy 1500 credits, then become

Diamond Membership Card \$3.5 per hour

If you reach 3000 credits, enjoy \$ 3 per hour forever!

We have special offer on event day.

The Third Model

From 10 AM to 4 PM \$2.5 per hour

From 4 PM to 7 PM \$ 3.5 per hour

From 7 PM to 11PM \$ 4.5 per hour)

These prices are in line with the industry (ref. to Game On in L.A. www.uclagameon.com and Eudemonia in Berkeley www.eudemonia.net).

We are aiming at selling some memberships/by products with estimate of only \$2,000/m.

Board Games Lounge

The middle area will be arrayed with couches and coffee tables, to provide the ideal “living room” setting for board and card games. We will consider having a library of popular games on hand available for customers to play for free, in exchange for a photo ID.

Customers are, of course, welcome to bring their own copies of board or card games to play.

Event Hall

The cafe and lounge areas of the store may be rented out by interested parties for personal events. As a courtesy to the clients, we will be flexible to arrange the floor to accommodate the different needs of customers.

We are aiming at 4 events per month at \$600 / pc. We will organize events which can be relating to our gaming part. These are the minimum charges without considering extra income they might bring in: food/beverages, catering or even furniture renting etc..

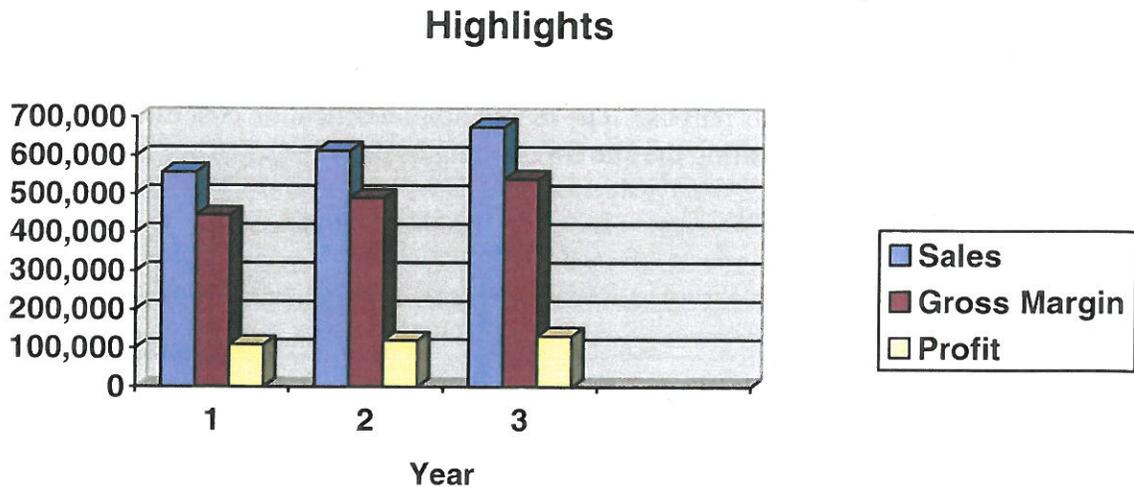
Financing

This business plan is prepared to obtain financing in the amount of \$ 200,000-\$250,000 which including owners' investment and/or other suitable loan. Owners have excellent credit.

The *Games Lounge* will be incorporated as an LLC corporation. This will shield the owner, and the other investors from issues of personal liability and double taxation. The investors will be treated as shareholders and therefore will not be liable for more than their individual personal investment.

The business will expect a profit from very beginning, and increase for following years.

Highlights of First Three Years



spread the word amongst themselves and come in numbers if we can indeed provide an appropriate hangout.

5.1 SWOT Analysis

The SWOT analysis provides us with an opportunity to examine the internal strengths and weaknesses the *Games Lounge* must address. It also allows us to examine the opportunities presented as well as potential threats.

The *Games Lounge* has a valuable inventory of strengths that will help it succeed. These strengths include: a knowledgeable and friendly staff, state-of-the-art computer hardware, and a clear vision of the market need. It is also important to realize the weaknesses the *Games Lounge* must address. These weaknesses include: a dependence on quickly changing technology, and the cost factor associated with keeping state-of-the art computer hardware/software.

The *Games Lounge's* strengths will help it capitalize on emerging opportunities. These opportunities include, but are not limited to, a growing population of gamers, and the growing social bonds fostered by the new communities. Threats that Games Lounge should be aware of include, the rapidly falling cost of Internet access, and emerging local competitors.

5.2 Pricing Strategy

Since there is no comparable business in nearby area, it is challenging to come up with the right pricing scheme at the start. The *Games Lounge* will be very flexible on pricing and we intend to adjust accordingly.

5.3 Promotion Strategy

For the initial customers, and during the buildup of our base, there will be funds reserved for promotion. The *Games Lounge* expects that cost will be reduced as buildup gradually completed.

5.4 Sales Strategy

The *Games Lounge* will only employ people who are very good to dealing with customers, polite, nice, helpful yet knowledgeable. Only when your customers love you in every way will you have a successful sale.

5.5 Sales Forecast

Sales forecast data is presented in the chart and table below.

Sales From	\$ Amount/m.	Cost %	\$ Amount/m
Coffee & other beverages	7,200	30	2,100

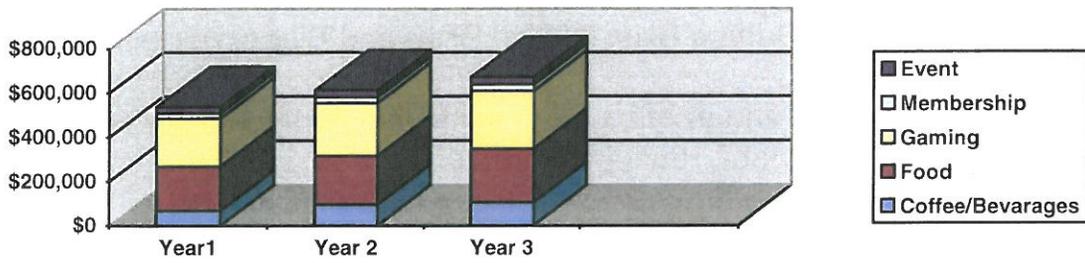
Food	16,800	30	5,040
Gaming	18,000	10	1,800
Membership + by products	2,000	0	0
Event	2,400	15	340
Total:	46,400		9,280

Annual sales and cost:

Sales: 12 x \$46,400 = \$556,800

Cost: 12 x \$9,280 = \$ 111,360

Sales Forecast



With very conservative estimate:

- Beverages:

We are aiming at selling 100 units (including: coffee, tee, smoothie, beer, wine, fruit juice and soft drinks etc.) averaged at about \$ 2.50 per unit. That is about \$ 7,200 / m with estimated cost of 30 %, (without counting the vending machines in gaming room);

- Food:

We are aiming at selling 150 units food (please see Menu) averaged at \$4.30 per unit. That is about \$ 16,800 / m with estimated cost of 30 %.

By comparing with Buffalo Bills, Kokyo, Bijou and Bistro, our estimate is fairly low. We will try hard to serve different style food and their combination that our customers would not find at other places: healthy, tasty, homey yet easy to make, of course as important, reasonable price.

5.6 Milestones

The *Games Lounge* management team has established some basic milestones to keep the business plan priorities in place. Responsibility for implementation falls on the shoulders of Mrs. Anna Nie and Ms. Xiaolu Lei. This Milestones Table below will be updated as the year progresses using the actual tables. New milestones will be added as the first year of operations commences.

As of Nov. 7, 2011: projected milestones are:

Milestone	Start Date	End Date	Budget	Manager
Business Plan	Sep. 3, 11	Sep. 18, 11	\$ 200	C.Y. Nie
Secure Start-up Funding	Sep. 3, 11	Dec. 20, 11	\$ 200	C.Y. & Anna Nie
Architect Designs	Dec.. 20, 11	Jan. 25, 12	\$6,000	C.Y. & Anna Nie
Designer Proposal	Jan. 5, 11	Jan. 15, 11	N/A	C.Y. & Anna Nie
Technology Design	Dec.20,11	Jan. 20,12	N/A	Cynthia/Jonathan
Year 1 Plan	Dec. 20, 11	Jan.20,12	N/A	C.Y. & Anna Nie
Personnel Plan	Dec. 20, 11	Jan.20,12	N/A	C.Y. & Anna Nie
Accounting Plan	Dec. 20, 11	Jan.20,12	N/A	C.Y. & Anna Nie

Management Summary

The *Games Lounge* is owned and operated by Mr. C.Y.Nie and Mrs. Anna Nie with the help of their team. The company, being small in nature, requires a simple organizational structure. Implementation of this organizational form calls for the owner to make all of the major management decisions in addition to monitoring all other business activities.

6.1 Operating Hours and Personal Plan:

We plan to start from 11:00 am – 10:00 pm as beginning operating hours, 6 days a week with either Mon. or Tue. Off.

We plan to have 4 full time, 2 part time employees to start with.

- 2 full time hands-on Managers: Mrs. Anna Nie (and one position open), \$ 3,120 / m. Mrs. Anna Nie is a business owner of 22+ years; .
- 2 full time service persons, \$3,120 / m. Their duty mainly is for (but not limited to) café, 8 hours / day, 6 days / week.
- 2 part time technician, \$ 1,872 / m, 5.5-6 hours / day. 6 days / week.

(With this plan, the total of salary is about \$ 169,728 / year. We keep additional \$51,792 as for other possible cost or one more position).

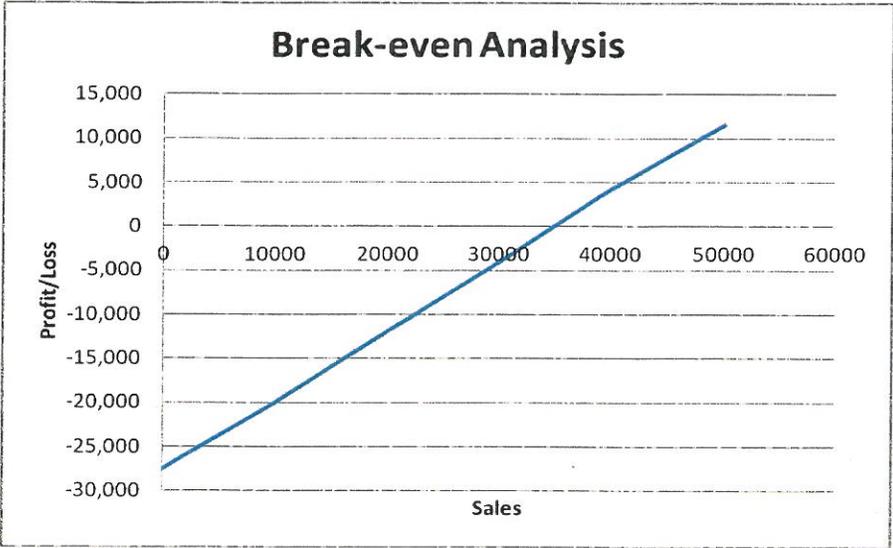
We will require any person who works with food to get a California Food Handling Card no more than 30 days from begin to work for the business.

When we are about ready to begin our operation, we will rely heavily on Mr./Mrs. Chen (the owner of a restaurant in San Leandro for 15+ years) for training on daily running café.

We will also rely heavily on Mrs. Jean Ke, who worked at Brothers' front kitchen for 20+ years on all aspects of preparing food.

These people are very close friends of M/M Nie for more than 25 years. We certainly will consider proper compensation for their help. It should not be more than 3-6 months.

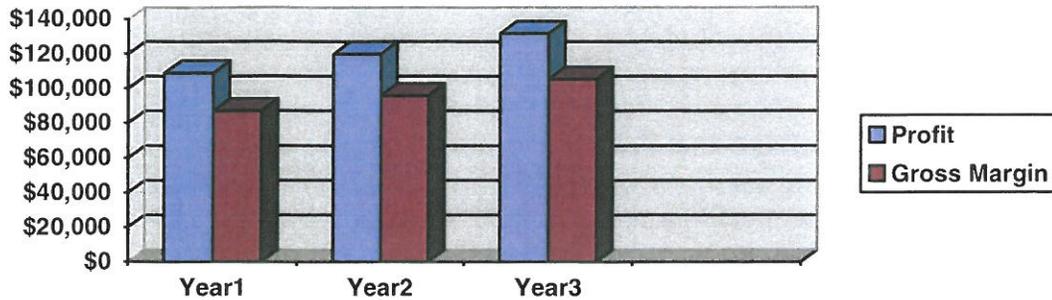
As gaming part, Cynthia Nie (M/M Nie's daughter) who has a degree of MFA in Interactive Media from USC and currently employed by Zynga, one of the biggest and most influencing game companies to the gaming industry with customers like facebook.



7.4 Projected Profit and Loss

Payroll Expense:	\$ 221,520
Rent Expense: (when start-up)	\$ 0
Utilities Expense:	\$9,600
Marketing Expense:	\$12,000
Insurance Expense:	\$6,000
Depreciation:	(Computers 5yr, fixtures 7yr)
Estimated Total Taxes:	\$61,500

Profit and Gross Margin



Pro Forma Profit and Loss

Sales

	Year 1	Year 2	Year 3
Sales	\$556,800	\$612,480	\$673,728
Direct Cost of Sales	\$111,360	\$122,496	\$134,746
Other Cost of Sales	\$0		
Total Cost of Sales	\$111,360	\$122,496	\$134,746
Gross Margin	\$445,400	\$489,940	\$538,934
Gross Margin %	80 %	80 %	80 %

Expenses

	Year 1	Year 2	Year 3
Payroll	\$221,520	\$243,672	\$268,039
Marketing/ Promotion	\$12,200	\$13,420	\$147,862
Depreciation	\$0	\$0	\$0
Rent	\$0	\$0	\$0
Utilities	\$9,600	\$10,560	\$11,616
Insurance	\$6,000	\$6,600	\$7,260
Payroll Tax	\$0	\$0	\$0
Other	\$20,000	\$22,000	\$24,200
Total Operating Expenses	\$269,320	\$296,252	\$325,877

Profit

	Year 1	Year 2	Year 3
Profit Before Interest	\$176,120	\$193,732	\$213,105
Interest Expense	\$5,000	\$5,500	\$6,050
Property Taxes	\$6,000	\$6,600	\$7,260
Sales Taxes	\$56,000	\$61,600	\$67,760
Net Profit	\$109,120	\$120,032	\$132,035
Net Profit/Sales	19.59%	19.59%	19.59%

7.5 Projected Cash Flow

Pro Forma Cash Flow

Cash Received	Year 1	Year 2	Year 3
Cash Sales	\$556,800	\$612,480	\$673,728
Subtotal Cash from Operations	\$556,800	\$612,480	\$673,728
Additional Cash Received			
Sales Tax, VAT, HST/GST Received	\$0	\$0	\$0
New Current Borrowing	\$0	\$0	\$0
New Other Liabilities (interest-free)	\$0	\$0	\$0
New Long-term Liabilities	\$0	\$0	\$0
Sales of Other Current Assets	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0
New Investment Received	\$0	\$0	\$0
Subtotal Cash Received	\$556,800	\$612,480	\$673,728
Expenditures			
Expenditures from Operations			
Cash Spending	\$221,520	\$243,672	\$268,039
Bill Payments	\$159,500	\$175,450	\$192,995
Subtotal Spent on Operations	\$381,020	\$419,122	\$461,034
Additional Cash Spent			
Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$40,000	\$30,000	\$30,000
Other Liabilities Principal Repayment	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$20,000	\$20,000	\$20,000
Purchase Other Current Assets	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0
Dividends	\$0	\$0	\$0
Subtotal Cash Spent	\$441,020	\$469,122	\$511,034
Net Cash Flow	\$115,780	\$143,358	\$162,694
Cash Balance	\$135,780	\$163,358	\$182,694

Cash flow is projected at about \$11,315 per month, or \$135,780 per (first) year.

7.6 Projected Balance Sheet

Pro Forma Balance Sheet

	Year 1	Year 2	Year 3
Assets			
Current Assets			
Cash	\$135,780	\$163,358	\$182,694
Inventory	\$9,280	\$10,208	\$11,229
Other Current Assets	\$0	\$0	\$0
Total Current Assets	\$145,060	\$173,566	\$193,923
Long-term Assets			
Long-term Assets	\$0	\$0	\$0
Accumulated Depreciation	\$0	\$0	\$0
Total Long-term Assets	\$0	\$0	\$0
Total Assets	\$145,060	\$173,566	\$193,923
Liabilities and Capital			
Current Liabilities			
Accounts Payable	\$64,526	\$65,012	\$59,955
Current Borrowing	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0
Subtotal Current Liabilities	\$64,526	\$65,012	\$59,955
Long-term Liabilities	\$80,000	\$60,000	\$40,000
Total Liabilities	\$144,526	\$125,012	\$99,955
Paid-in Capital	\$100,000	\$60,000	\$30,000
Retained Earnings	(\$109,501)	(\$66,699)	\$25,421
Earnings	\$31,055	\$35,245	\$38,547
Total Capital	\$21,554	\$25,324	\$93,968
Total Liabilities and Capital	\$166,080	\$153,558	\$193,923
Net Worth	\$534	\$48,554	\$93,968

7.7 Business Ratios

The NAICS Code for the “Video Game Arcades (except gambling)” is 713120. As we are also a food cafe which falls on NAICS classification 722212 “Cafeteria”. The combined nature of Games Lounge makes our ratios a blend of the two industries.

Ratio Analysis

	Year 1	Year 2	Year 3	Industry Profile
Sales Growth	0%	10%	10%	
Percent of Total Assets				
Inventory	10%	10%	10%	
Other Current Assets	0%	0%	0%	
Total Current Assets	100%	100%	100%	
Long-term Assets	0%	0%	0%	
Total Assets	100%	100%	100%	
Current Liabilities	44.48%	37.46%	30.92%	
Long-term Liabilities	55.35%	34.57%	20.63%	
Total Liabilities	100%	72.03%	51.54%	
Net Worth	14.86%	14.59%	48.46%	
Percent of Sales				
Sales	100%	100%	100%	
Gross Margin	80%	80%	80%	
SG & A Expenses	72.16%	71.79%	71.79%	
Advertising Expenses	0%	0%	0%	
Profit Before Interest and Taxes	31.62%	31.62%	31.62%	
Main Ratios				
Current				
Quick				
Total Debt to Total Assets	99.63%	72.03%	51.54%	
Pre-tax Return on Net Worth	793.73%	387.68%	220.35%	
Pre-tax Return on Assets	117.96%	108.45%	106.77%	
Additional Ratios				

Net Profit Margin	19.59%	19.59%	19.59%	
Return on Equity	144.08%	72.59%	41.02%	
Activity Ratios				
Inventory Turnover	12	12	12	
Accounts Payable Turnover	11.5	11.5	11.5	
Payment Days	30	30	30	
Total Asset Turnover	4.80	3.99	3.47	
Debt Ratios				
Debt to Net Worth	6.70	2.57	1.06	
Current Liability. to Liability	0.45	0.52	0.60	
Liquidity Ratios				
Net Working Capital	\$80,534	\$108,554	\$133,968	
Interest Coverage				
Additional Ratios				
Assets to Sales	0.26	0.28	0.29	
Current Debt/Total Assets	99.63%	72.03%	51.54%	
Acid Test	2.25	2.67	3.23	
Sales/Net Worth	25.83	12.61	7.17	
Dividend Payout	0	0	0	

Appendix

A. Games Lounge and café Menu

1. Meal Deal :	\$6.99
<ul style="list-style-type: none"> • Salad or soup of the day • Tapas : your choice of 3 pcs (sea food , tuna, chicken...etc.) • Or Breast Nugget (made with white meat 8pcs) • Or Fish stick 8pcs • Ice-cream or coffee or cookies 	
2. Make your own a plate of salad	\$5.99
3. Sandwiches (Cold Meat Loaf or Egg Salad or Tuna Salad)	\$5.99
4. Spanish omelet	\$2.99
5. Tapas	\$1.00/pc
6. Soup of the day	\$2.99/cup
7. Cookies	\$ 1.00/pc
8. Gourmet Mini Cheesecake	\$1.00/pc
9. Cup Cake	\$ 1.50/pc
10. Make your own popcorn	\$1.50/bag

Beverages

• Coffee, Tea, Coke, 7up, Root Beer , etc.	\$1.50/cup
• Juice :tomato, grapefruit, apple etc,	\$1.50/cup
• Milk	\$1.50/cup
• Beer or wine	\$2.00/cup

All prices are suggested only

B. Game Lounge and Cafe - Config and Pricing

Following configuration may last from 2-4 years before requiring upgrades to keep up with the newest games. (Needs to be updated before purchasing to reflect new model names/numbers.)

Monitor	ASUS VW246H 24-Inch Widescreen - \$189
Keyboard	Cyborg V.5 - \$39
Mouse	Logitech G500 - \$50
Headphones	
Case	NZXT GAMMA Classic - \$36
Power Supply	Corsair CX600 V2 - \$64
CPU	AMD Phenom II X4 955 Black Edition - \$120
Motherboard	Asus AM3+ 880G M5A88-V EVO - \$130
Memory	4GB G.Skill Ripjaws F3 4GB 12800 DDR3 - \$44
Graphics Card	XFx 6850 - \$157
Hard Drive	Western Digital 1TB Caviar Black - \$80
DVD	Lite-On 24X SATA DVD+/-RW - \$21
Total	\$930

Net Cafe Management Software

- A certain type of software is required to keep customers from snooping into sections of the computer that they don't specifically need access to.
- Some are free. Others can cost up to \$250 for 10 computers.
- Requires further investigation / research to find one that suits our needs and is not too cheap.

Valve Cyber Cafe Program

- Gives access to over 100 games for a single price per computer

- Must apply to receive quote; some websites claim the subscription fee is about **\$10 per computer per month.**

One-time Purchase Games (purchase once per computer):

- Call of Duty 4: \$53
- Battlefield 3: \$60
- Mass Effect 3: \$60
- Dead Island: \$40
- Deus Ex: \$40
- Crysis 2: \$40
- Far Cry 2: \$29
- Left 4 Dead 2: \$20
- Unreal Tournament: \$12
- Warcraft 3: \$19

F2P / Subscription / Account-based games (purchase once for all computers or free to download):

- World of Warcraft
- Rift
- StarCraft 2
- Diablo 3
- Team Fortress 2
- League of Legends
- Heroes of Newerth
- Eve Online
- Guild Wars 2

C. Game Lounge and Café Kitchen Equipment

1.	1 Ameriacn Range AR-6B-24RG 60 in Gas 6 burner w/24" griddle, 2 ovens:	\$3,800
2.	1 Captive-Aire sys. Inc. 4842 ND-2 9.5 ft Commercial Kitchen Grease Exhaust hood:	\$1,150
3.	1 Jackson MSC-ES-2000 commercial Low temp Dish washer/sanitizer	\$ 1,300
4.	2 Sandwich tables (1 for front) S/S	2 x \$ 180= \$ 360
5.	1 25cf refrigerator for front	\$ 1,000
6.	1 47cf refrigerator for back	\$ 2,400
7.	1 mop sink 24"x24"	\$ 200
8.	2 1-tub prep sink 17"x17" w/one 17" side board (1 for front)	\$ 300
9.	1 S/S 3-tub sink 18"x18" SE18183D3 w/ 2 18" drain boards	\$ 450
10.	2 hand sink (1 for front) w/ heavy-duty soap/towel dispenser	\$ 250
11.	1 microwave oven	\$ 150

12.	1 food processor	\$ 150
13.	3 Merto-Seal 18"x48"x60" 5-tier shelving	\$ 300
14.	1 turbo-Air TGM-14RV 14 cf <u>Refrigerated Display Merchandisers</u>	\$1,000
15.	1 U-Line BI-95 Built-in Ice maker	\$1,000
16.	1 Bunn-FMD-3 SS Fresh Mix cappuccino/espresso/café latte dispenser	\$ 1,200

The total is: \$ 15,010 (with \$ 990 as reservation to the budget of \$16,000,).