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Rheem Theatre Operations Will Cease June 30

After the Rheem Theatre received notice May 30 from owner Mahesh Puri that rent at the property would increase 60 percent effective July 1, Derek Zemrak, managing member of Zemrak Pirkle Productions, LLC that operates the theater, told the owner that the rent increase was more than the theater could afford to pay.

"The theater operates on a very small margin - some months there is more revenue than costs, other months the costs exceed the revenue," said Zemrak. "After five years of running the operation we know the rent amount the operation can sustain through a fiscal year; that amount is what we have been paying for the better part of five years. Mahesh Puri, the landlord, lowered our rent four years ago to help the theatre stay open, which was a true asset to the community." The notice to increase the rent did not provide a reason for the increase, said Zemrak. "In the email accompanying the notice, the landlord's stated reason was, 'to pay my bills and offset some of my losses,'" he said. The theater, which in March was voted the Bay Area's Best Indie Cinema for 2015 by Bay Area A-List, has been for sale since last September.

After discussing the situation with the owner, and no negotiation, Zemrak had no choice but to give a 30-day notice. "We have been on a month to month for the last year. The landlord refused to sign another lease after our previous lease expired," explained Zemrak. "We will no longer manage the operations after June 30, 2015."

Zemrak said he has little hope for anything to change. "The property owner has a piece of commercial property that is not operating at what he expected when he purchased the property," he said. "The viability of the theater as an anchor tenant for the space is not realistic based upon a historical look at the revenue over the last 10 years and forecast revenue for the next 10 years." J. Wake

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