



Administrative Report

H.12., File # 21-2889

Meeting Date: 9/7/2021

To: MAYOR AND CITY COUNCIL

**From: STEPHEN PROUD, WATERFRONT & ECONOMIC DEVELOPMENT
DIRECTOR**

TITLE

ADOPT BY TITLE ONLY RESOLUTION NO. CC-2109-084, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, LEASING CERTAIN PROPERTY TO SAVOIR FAIRE LANGUAGE INSTITUTE, INC.

APPROVE A LEASE WITH SAVOIR FAIRE LANGUAGE INSTITUTE, INC. FOR THE PREMISES AT 117 W. TORRANCE BLVD. FOR A MONTHLY AMOUNT OF \$7,958.00 WITH AN ANNUAL 3% BASE RENT INCREASE FOR THE TERM OF SEPTEMBER 7, 2021 - SEPTEMBER 6, 2026

EXECUTIVE SUMMARY

In March 2012, the City purchased the Pier Plaza leasehold and began the process of direct leasing to various tenants. Pier Plaza is comprised of several buildings totaling approximately 75,000 square feet of office and retail uses. The proposed lease with Savoir Faire Language Institute, Inc. ("Savoir Faire") is for the space at 117 W. Torrance Boulevard, (the "Premises"), a total area of approximately 3,979 square feet.

The proposed lease is for a five-year term with the City retaining the option to terminate the lease with twelve (12) months prior written notice. Monthly rental revenue to the City's Harbor Uplands Fund will be \$7,958.00 or approximately \$2.00 per square foot with a 3% annual increase each year of the lease.

BACKGROUND

In March 2012, the City purchased the Pier Plaza leasehold and began the process of entering into direct leases with various tenants. The Pier Plaza leasehold is comprised of buildings 103 to 131 West Torrance Boulevard (on the top level of the Pier Parking Structure) and totals approximately 75,000 square feet of space. The property is prepared almost entirely for office uses; with the lone exception being a restaurant use of less than 4,000 square feet. The proposed lease with Savoir Faire is for the space at 117 W. Torrance Boulevard, which is approximately 3,979 square feet.

Savoir Faire is a European-style immersion Preschool, Pre-K and Kindergarten and offers a complete multi-lingual program. The school teaches Spanish, French and Mandarin to children by laughing, playing, drawing and eventually conversing. Savoir Faire has been a Pier Plaza tenant in good standing since 2013 and has been operating on a month-to-month basis since 2018.

The proposed lease carries a five-year term with a monthly rent of \$7,958.00, or approximately \$2.00 per square foot, which is consistent with other similar office leases in the harbor. The proposed Lease contains a provision that escalates the rent at 3% per year for the duration of the lease. The Landlord will provide an interior painting, general repair and flooring allowance of \$3.00 per rentable square foot for al not exceed a total of \$11,937.00. Under the terms of the lease, the Landlord retains responsibility for repairs to the structure and exterior that may include the repair of damaged exterior wood, prime and paint building exterior, termite abatement, roof repairs as necessary, and functional plumbing and HVAC systems. The City retains the right to terminate the lease with a twelve-month written notice. Noila Norwood serves as the personal guarantor on the lease.

COORDINATION

The Waterfront and Economic Development Department collaborated with the City Attorney's Office on this report. The City Attorney's Office has approved the document as to form.

FISCAL IMPACT

Lease revenue from the property will accrue to the City's Harbor Uplands Fund. The proposed lease will result in a monthly rent of \$7,958.00 for the first lease year with an annual increase of 3% to the base rent. Over the five-year term of the lease, revenue to the Uplands Fund will be \$527,831.28.

APPROVED BY:

Joe Hoefgen, City Manager

ATTACHMENTS

- Resolution No. CC-2109-084
- Savoir Fair Lease 2013 - 2018
- Lease Between the City of Redondo Beach and Savoir Faire Language Institute, Inc