



Administrative Report

H.7., File # 25-0588

Meeting Date: 5/13/2025

To: MAYOR AND CITY COUNCIL

**From: GREG KAPOVICH, WATERFRONT & ECONOMIC DEVELOPMENT
DIRECTOR**

TITLE

APPROVE THE CITY'S CONSENT TO THE SECOND AMENDMENT OF THE SUBLEASE BETWEEN RDR PROPERTIES, LLC AND DONG KYU PARK AND SUNG EUN LEE FOR THE PREMISES AT 100 "A" AND "B" FISHERMAN'S WHARF

EXECUTIVE SUMMARY

The City has an existing master lease with RDR Properties, LLC (RDR or Lessee) for the premises located at 100 (A-L) Fisherman's Wharf on the Redondo Beach Pier. Under the terms of the lease, RDR retains the rights to negotiate direct subleases to occupy the various tenant spaces and the City retains the right to consent to all subleases. RDR has requested the City consent to an amendment to the sublease with Dong Kyu Park and Sung Eun Lee (Sublessee), dba Jade Snow, located at 100 "B" Fisherman's Wharf (Sublease Premises). Jade Snow has been in operation at the site since 2015 as a coffee shop and bakery selling espresso drinks, pastries, and specialty shaved ice desserts. Approval of the request for consent would expand the Sublease Premises to include Unit "A" of 100 Fisherman's Wharf for a lease term ending on March 31, 2032. The units will remain as separate tenant spaces under one common sublessee. Jade Snow intends to open a gelato shop within the newly acquired Unit "A". It is recommended that the City Council approve the consent and allow for execution of the proposed sublease amendment.

BACKGROUND

On July 1, 2008 the City of Redondo Beach entered into a master lease with RDR for the premises located at 100 (A-L) Fisherman's Wharf on the Redondo Beach Pier. The lease allows for portions of the leasehold property to be subleased; however, the Lessee is required to obtain City consent for all subleases, amendments to subleases, and assignments.

On April 2, 2015, the City consented to a sublease between RDR and Jade Snow to occupy Unit "B" with a coffee shop for a five-year term. On April 1, 2020, the City Council approved the First Amendment to the lease, which extended the term another seven years through March 31, 2027.

RDR is requesting a second amendment to their sublease with Jade Snow to expand the definition of the Sublease Premises to include Unit "A" at 100 Fisherman's Wharf and set a term through March 31, 2032. The proposed second amendment also extends the lease term of the existing sublease for Unit "B" to match the new term for Unit "A." The termination date of the lease for both tenant spaces ("A" and "B") would be March 31, 2032. Dong Kyu Park and Sun Eun Lee intend to expand their

business portfolio and sell gelato, ice cream, and Italian Ice desserts at Unit "A." The space was previously occupied by Bella Gelato, so the type of provided service will remain the same. The existing tenant space at Unit "B" will continue to operate as a coffee shop. As mentioned above, Units "A" and "B" will remain separate tenant spaces under one common sublessee.

COORDINATION

The Consent to Amendment document was reviewed and approved as to form by the City Attorney's Office.

FISCAL IMPACT

Unit "A" will result in a monthly rent payment of \$7,158.46 to RDR, with 6% of the gross sales due to the City's Uplands Fund. It is anticipated the City will collect similar gross sales numbers as the previous tenant at Unit "A," which produced approximately \$11,000 in revenue per year for the City. Unit "B" will continue to pay a monthly rent payment of \$5,743.27 to RDR, with 3% of the gross sales due to the City. Currently, Unit "B" generates approximately \$4,500 in revenue, per year, for the City.

APPROVED BY:

Mike Witzansky, City Manager

ATTACHMENTS

- Agmt - City Consent to the Second Amendment of Sublease - Dong Kyu Park and Sung Eun Lee, dba Jade Snow
- Agmt - Second Amendment between RDR (Master Leaseholder) and Dong Kyu Park and Sung Eun Lee (Sublessee)