



Administrative Report

H.12., File # 25-1191

Meeting Date: 9/2/2025

To: MAYOR AND CITY COUNCIL

From: GREG KAPOVICH, WATERFRONT & ECONOMIC DEVELOPMENT DIRECTOR

TITLE

ADOPT BY TITLE ONLY RESOLUTION NO. CC-2509-066, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, LEASING CERTAIN PROPERTY TO EL CINCO DE MAYO MEXICAN FOOD LLC

APPROVE A LEASE WITH EL CINCO DE MAYO MEXICAN FOOD LLC FOR RESTAURANT SPACE AT 102 AND 104 INTERNATIONAL BOARDWALK FOR THE TERM SEPTEMBER 2, 2025 THROUGH SEPTEMBER 1, 2030

EXECUTIVE SUMMARY

In July 2012, the City purchased the International Boardwalk leasehold and began the process of direct leasing to various tenants. The International Boardwalk is comprised of a narrow linear development of approximately 17,200 square feet that is fronted by a public walkway. The tenant space at 102 and 104 International Boardwalk (Premises) is approximately 852 square feet in size.

The City has negotiated a new lease with El Cinco De Mayo (Tenant), a family-owned restaurant with an existing location at 240 Fisherman's Wharf. Two brothers, Froylan T. Santiago Arellanes and Oscar P. Santiago Arellanes, have been successfully operating the restaurant on Fisherman's Wharf since August 2019 and negotiated a new lease extension for the Fisherman's Wharf space in June 2024. The proposed lease on International Boardwalk would allow for a 5-year term and includes an option for the landlord to terminate with a 12-month prior written notice. Monthly rent for the lease, which would accrue to the City's Harbor Uplands Fund, is \$2,130, or 10% of gross sales, whichever is greater.

BACKGROUND

El Cinco De Mayo is a family-owned restaurant currently operating out of the 400 square-foot space at 240 Fisherman's Wharf. The tenant wishes to expand the business to a second location. The City has negotiated a new lease with El Cinco De Mayo, for the 852 square-foot space on the International Boardwalk.

The proposed lease carries a 5-year term with a minimum monthly rent of \$2,130, or approximately \$2.50 per square foot, which is consistent with other similar leases in the Waterfront. The monthly rent paid to the City is the greater of the minimum monthly rent, or 10% of monthly gross sales. The minimum monthly rent would increase 3% on the anniversary date each year the lease remains in

effect. The lease is personally guaranteed by Froylan T. Santiago Arellanes and Oscar P. Santiago Arellanes, and a security deposit of \$2,130 would also be collected. The proposed lease requires the tenant to complete façade improvements in the form of new signage, new paint, new windows, and repair or replacement of exterior wood, tile, stucco, and any other exterior finishes within six months of the commencement date of the lease.

COORDINATION

The Resolution and lease documents were reviewed and approved as to form by the City Attorney's Office.

FISCAL IMPACT

Lease revenue from the property would accrue to the City's Harbor Uplands Fund. The proposed lease would result in a minimum monthly rent of \$2,130 during the first year, or 10% of monthly gross sales, whichever is greater, with an annual increase of 3% to the base rent each year thereafter. Over the 5-year term of the lease, revenue to the Harbor Uplands Fund would be at least \$135,700.

APPROVED BY:

Mike Witzansky, City Manager

ATTACHMENTS

- Reso - No. CC-2509-066 Leasing Certain Property to El Cinco De Mayo Mexican Food LLC
- Agmt - Proposed Lease Between the City of Redondo Beach and El Cinco De Mayo Mexican Food LLC