



Administrative Report

H.6., File #20-0730

Council Action Date: 5/5/2020

To: MAYOR AND CITY COUNCIL

From: STEPHEN PROUD, WATERFRONT AND ECONOMIC DEVELOPMENT DEPARTMENT

TITLE

APPROVE CONSENT TO SUBLEASE BETWEEN A BASQ KITCHEN, LLC AND MYRTLE AVENUE HOSPITALITY, INC. FOR THE PREMISES AT 136 N. INTERNATIONAL BOARDWALK FOR A RESTAURANT USE FOR THE MONTHLY BASE RENT OF \$1,820 FOR A MONTH TO MONTH TERM

EXECUTIVE SUMMARY

The City reacquired the International Boardwalk leasehold in July 2012. The leasehold is comprised of a narrow, linear commercial development of approximately 17,200 square feet. The space at 136 N. International Boardwalk ("Premises") includes a total area of approximately 1,000 square feet and has historically operated as a restaurant.

A Basq Kitchen ("Tenant"), a restaurant offering different varieties of foods with a Basque-themed décor, has been the Tenant of this space since May 5, 2015. Tenant is requesting the City's approval to sublease the Premises to Myrtle Avenue Hospitality, Inc., dba The Front Porch ("Sublessee"), a restaurant featuring a mix of elevated comfort food and California coastal cuisine. The Basq Kitchen lease expired on May 4, 2020. Therefore, the proposed sublease is for a month-to-month term. Rental to the City's Harbor Uplands Fund will amount to the greater of the minimum monthly rent of \$1,820.00 or 10% of gross sales.

BACKGROUND

In July 2012, the City reacquired the International Boardwalk leasehold comprised of a narrow and linear development along the east side of Marina Basin III. The approximately 17,200 square feet of space is entirely occupied by retail and restaurant uses. The space at 136 N. International Boardwalk has been home to many restaurants over the past four decades and most recently by A Basq Kitchen, owned and operated by Chef Bernard Ibarra.

A Basq Kitchen is requesting the consent of the Redondo Beach City Council to execute a sublease for the entire space with Myrtle Avenue Hospitality Inc., dba The Front Porch. The proposed sublease is for a month-to-month term with rent paid as the greater of the base rent or a percentage of gross sales. The base rent is \$1,820.00 (\$1.82/sq.ft.), and the percentage rent is calculated on 10% of gross sales. Myrtle Avenue Hospitality Inc., dba The Front Porch, will be operated by Tom Dunbabin, who is a part owner of King Harbor Brewing Company, which currently has a tasting room

at 132 N. International Boardwalk. The Front Porch will feature a mix of elevated comfort food and California cuisine. Chef Bernard Ibarra will remain on record as the guarantor of the lease. Tom Dunbabin, who is in good standing as the operator of the King Harbor Brewing tasting room, will be guarantor of the sublease.

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

Since Myrtle Avenue Hospitality Inc. will continue to pay the monthly rent of \$1,820 as outlined in the Lease agreement with the City, this proposed sublease will have a neutral impact on revenue to the City's Harbor Uplands Fund.

APPROVED BY:

Joe Hoefgen, City Manager

ATTACHMENTS

Consent to Sublease - City of Redondo Beach / A Basq Kitchen

Sublease - A Basq Kitchen & Myrtle Avenue Hospitality

Lease - A Basq Kitchen

Insurance - A Basq Kitchen / The Front Porch