



Administrative Report

H.11., File # 21-2264

Meeting Date: 4/6/2021

To: MAYOR AND CITY COUNCIL

From: STEPHEN PROUD, WATERFRONT & ECONOMIC DEVELOPMENT
DIRECTOR

TITLE

ADOPT BY TITLE ONLY RESOLUTION NO. CC-2104-029, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, LEASING CERTAIN PROPERTY TO ESPERANZA DEESE, AN INDIVIDUAL

APPROVE A LEASE WITH ESPERANZA DEESE FOR THE PREMISES AT 113 W. TORRANCE BLVD. FOR A MONTHLY AMOUNT OF \$1,003.50 FOR THE TERM APRIL 6, 2021 - APRIL 5, 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 Esperanza Deese is for the space at 113 W. Torrance Boulevard. The lease area totals approximately 446 square feet.

The proposed lease is for 60 months with the City retaining the option to terminate the lease with a twelve (12) month prior written notice. Monthly rental revenue to the City's Harbor Uplands Fund will be \$1,003.50 or approximately \$2.25 per square foot with a 3% increase on the first anniversary date and each subsequent year thereafter.

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 Esperanza Deese (the "Tenant") is for the space at 113 W. Torrance Boulevard (the "Premises"). The lease area totals approximately 446 square feet.

Esperanza Deese is a retired CPA and Redondo Beach resident. Ms. Deese will use the Premises as an artist studio and gallery as she continues her growth as an artist and creative entrepreneur. It's Ms. Deese intent to create a studio/gallery where paintings depict the simple joys of everyday life and natures beauty, especially Redondo Beach

The proposed lease carries a sixty (60) month term with a monthly rent of \$1,003.50 or approximately \$2.25 per square foot, which is consistent with other similar retail leases in the waterfront and broader market. The Lease contains a provision that escalates the rent at 3% per year for the remaining term of the lease. The City retains the right to terminate the lease with a twelve-month written notice. The lease is personally guaranteed by Ms. Deese.

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 \$1,003.50 with an annual total of \$12,042. Over the five-year term of the lease, revenue to the Uplands Fund will be approximately \$60,210.

APPROVED BY:

Joe Hoefgen, City Manager

ATTACHMENTS

Resolution No. CC-2104-029

Lease Between the City of Redondo Beach and Esperanza Deese