



Administrative Report

H.7., File # 21-2997

Meeting Date: 9/21/2021

To: MAYOR AND CITY COUNCIL

From: STEPHEN PROUD, WATERFRONT & ECONOMIC DEVELOPMENT
DIRECTOR

TITLE

ADOPT BY TITLE ONLY RESOLUTION NO. CC-2109-091, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, LEASING CERTAIN PROPERTY TO BARLEY VIBES, LLC

APPROVE A LEASE WITH BARLEY VIBES, LLC DBA PROJECT BARLEY BREWING OTW FOR THE PREMISES AT 136 INTERNATIONAL BOARDWALK FOR A MONTHLY AMOUNT OF \$2,250.00 WITH AN ANNUAL 3% BASE RENT INCREASE FOR THE TERM OF SEPTEMBER 21, 2021 - NOVEMBER 20, 2026

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 City has negotiated a new lease with Barley Vibes, LLC dba Project Barley Brewing OTW ("Barley Vibes") for the space at 136 International Boardwalk, which is approximately 1,000 rentable square feet.

The proposed lease is for a sixty-two (62) month term with the City retaining the option to terminate the lease with a twelve (12) month prior written notice. Rental to the City's Harbor Uplands Fund is the greater of the minimum monthly rent of \$2,250.00, or 10% of gross sales.

BACKGROUND

In July 2012, the City purchased the International Boardwalk leasehold and began the process of entering into direct leases with various tenants. The International Boardwalk is comprised of a very narrow and linear development along the east side of the Redondo Beach Marina - also referred to as Basin III. The approximately 17,200 square feet of space is almost entirely prepared for retail and food and beverage uses.

The space at 136 International Boardwalk is currently leased to the owners of the former Basq Kitchen restaurant, which had a lease from May 2015 through May 2020. At the expiration of the lease, the space reverted to a month-to-month lease and in October 2020, the Basq Kitchen converted to a new concept, A Fish & Friends. Barley Vibes, the proposed new operator for this location, will focus on classic American food, such as made-to-order sandwiches, hamburgers and

small-batch craft beer and wine. Barley Vibes is owned by Brent Reger, current CEO/Founder of Project Barley Brewing Company in Lomita and Joe Smith, who has been in the food industry for over 30 years and who is the current owner of South Bay Pizza in Redondo Beach. Both individuals will be personal guarantors for the lease.

The proposed lease carries a sixty-two-month term with a minimum monthly rent of \$2,250.00, or approximately \$2.25 per square foot - which is consistent with other similar restaurant leases in the waterfront. The monthly rent paid to the City will be the greater of the minimum monthly rent of \$2,250.00, or 10% of gross sales. The minimum monthly rent increases by 3% on the anniversary date for each year the lease remains in effect.

Under the lease, Tenant accepts the property "as is" and will be given two months of rent abatement to allow for tenant construction and improvements. The City retains the right to terminate the lease with a twelve-month written notice.

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 minimum monthly rent of \$2,250.00 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 a minimum of \$143,346.64.

APPROVED BY:

Joe Hoefgen, City Manager

ATTACHMENTS

Resolution No. CC-2109-091

Lease Between the City of Redondo Beach and Barley Vibes, LLC