



Administrative Report

H.9., File # 21-2087

Meeting Date: 2/16/2021

To: MAYOR AND CITY COUNCIL

From: STEPHEN PROUD, WATERFRONT & ECONOMIC DEVELOPMENT
DIRECTOR

TITLE

ADOPT BY TITLE ONLY RESOLUTION NO. CC-2102-016, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, LEASING CERTAIN PROPERTY TO HOLIDAY CARPET AND FLOOR COVERING, INC., A CALIFORNIA CORPORATION

APPROVE A LEASE WITH HOLIDAY CARPET AND FLOOR COVERING, INC. FOR THE PREMISES AT 115 W. TORRANCE BLVD. FOR A MONTHLY AMOUNT OF \$1,775.25 FOR THE TERM FEBRUARY 16, 2021 - FEBRUARY 16, 2022

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 Holiday Carpet and Floor Covering is for the space at 115 W. Torrance Boulevard, Suite 200 ("Premises") which is approximately 789 square feet.

The proposed lease is for a two-year term with the City retaining the option to terminate the lease with a twelve (12) month prior written notice. Rental revenue to the City's Harbor Uplands Fund will be \$1,775.25. or approximately \$2.25 per square foot with a 3% annual increase each year of the lease.

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 Holiday Carpet and Floor Covering is for the space at 115 W. Torrance Boulevard, Suite 200 which is approximately 789 square feet. The last tenant to occupy the space was Simmons Media Group, LLC - who vacated the space on April 30, 2017. It has remained empty since then.

Holiday Carpet & Floor Covering, Inc.'s corporate office is located in Van Nuys, CA, and the company has been in business since 1957. One of the company's employees, Mr. Dan Aitken who joined the company in 2001, has been working out of his home office in Torrance for the last five years and is

interested in securing a local office from which he can conduct business affairs for the company.

The proposed lease carries a two-year term with a monthly rent of \$1,775.25, 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. As the landlord, the City will make standard tenant improvements to the space comprised of painting and new carpeting for a not to exceed total of \$2,367.00 or \$3 per square foot. The City will retain the right to terminate the lease with a twelve-month written notice. Mr. Dan Aitken serves as the personal guarantor on the lease.

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 \$1,775.25 with an annual total of \$21,303. Over the two-year term of the lease, revenue to the Uplands Fund will be \$42,606.

APPROVED BY:

Joe Hoefgen, City Manager

ATTACHMENTS

- Resolution No. CC-2102-016
- Lease Between the City of Redondo Beach and Holiday Carpet and Floor Covering, Inc.