



Administrative Report

H.10., File # 21-2263

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-2104-028, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, LEASING CERTAIN PROPERTY TO MJD LANDING LLC, DBA REDONDO BEACH SPORTFISHING & WHALE WATCH, A LIMITED LIABILITY COMPANY

APPROVE A LEASE WITH MJD LANDING LLC, DBA REDONDO BEACH SPORTFISHING & WHALE WATCH FOR THE PREMISES AT 140 INTERNATIONAL BOARDWALK FOR A MONTHLY AMOUNT OF \$787.50 FOR THE TERM APRIL 6, 2021 - APRIL 5, 2026

EXECUTIVE SUMMARY

In July 2012, the City purchased the International Boardwalk leasehold and began the process of direct leasing to various tenants. This 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 lease with MJD Landing LLC, dba Redondo Beach Sportfishing & Whale Watch for the space at 140 International Boardwalk, which is approximately 350 rentable square feet.

The proposed lease is for a five-year 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 \$787.50 or 10% of gross sales. Minimum annual rent is \$9,450.00.

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.

MJD Landing LLC is acquiring Redondo Beach Sportfishing from the current operator, Larry Derr, and 140 International Boardwalk will serve as the ticket office for the sportfishing and whale watching operations. Redondo Beach Sportfishing will be operated by Mike Jimenez and Jacob Moreno who currently own and operate the Navagante that operates out of Basin III. The Navagante offers harbor tours, whale watching, and sportfishing operations.

The proposed lease carries a five-year term with a minimum monthly rent of \$787.50, or approximately \$2.25 per square foot - which is consistent with other similar leases in the waterfront and broader market. The monthly rent paid to the City will be the greater of the minimum monthly rent of \$787.50 or 10% of gross sales. The minimum monthly rent increases by 3% on the first anniversary of the lease and every year thereafter. The percentage rent is set at 10% for the term of the lease.

Under the lease, Tenant accepts the property "as is" with no further cost to the City. The City retains the right to terminate the lease with a twelve-month written notice. The lease is personally guaranteed by Donald Cox, Mike Jimenez, and Jacob Moreno.

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 \$787.50 with an annual minimum rent of \$9,450.00. Over the five-year term of the lease, revenue to the Uplands Fund will be a minimum of \$47,250.00.

APPROVED BY:

Joe Hoefgen, City Manager

ATTACHMENTS

Resolution No. CC-2104-028

Lease Between the City of Redondo Beach and MJD Landing, LLC dba Redondo Beach Sportfishing & Whale Watch