Administrative Report

H.13., **File #** 21-2270 **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-2104-031, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, LEASING CERTAIN PROPERTY TO TONY TRAN, AN INDIVIDUAL, DBA MINI CHINESE RESTAURANT

APPROVE A LEASE WITH TONY TRAN, AN INDIVIDUAL, DBA MINI CHINESE RESTAURANT FOR THE PREMISES AT 204 FISHERMANS WHARF FOR A MONTHLY AMOUNT OF $1,618.76 FOR THE TERM APRIL 6, 2021 - APRIL 5, 2026

EXECUTIVE SUMMARY

In 1995, the City purchased the Fisherman's Wharf Leasehold which includes the 200 block of Fisherman's Wharf. The leasehold is comprised of several buildings that total approximately 13,000 square feet of leasable space. The space at 204 Fisherman's Wharf (the "Premises") is approximately 283 square feet and has accommodated a fast-food use for decades. Mini Chinese Restaurant currently operates at the premises and the owners desire to continue their tenancy.

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 Tidelands Fund is the greater of the minimum monthly rent of $1,618.76 or 11% of gross sales. Minimum annual rent is $19,425.12.

BACKGROUND

In 1995, the City purchased the former Redondo Horseshoe Pier Company leasehold containing the buildings from 200 to 250 Fisherman's Wharf on the Redondo Beach Pier. The approximately 13,000 square feet of leasable space is made up of retail, restaurant and entertainment uses.

Mini Chinese Restaurant (the "Tenant") currently operates on the pier and has become a familiar location for fast food since it opened in 1984. Mini Chinese Restaurant was formerly owned by individuals Canny Tran and Tony Tran. Canny Tran is retiring and Tony Tran will continue to operate Mini Chinese as the sole owner. Mini Chinese is a long-standing Fisherman's Wharf tenant in good standing.

The proposed lease is for 204 Fisherman's Wharf which is approximately 283 square feet of space.

The lease is for a five (5) year term with the City retaining the right to terminate the lease with a twelve-month written notice. The minimum monthly rental is $1,618.75 or $5.72 per square foot, which accrues to the Harbor Tidelands Fund. The minimum rent escalates at 3% each year for the term of the lease. Total rent will be based on the greater of the monthly minimum or a percentage of sales, which is set at 11% of gross revenue.

Under the lease, the Tenant accepts the property "as is" with no further cost to the City. The lease is personally guaranteed by Tony Tran.

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 Tidelands Fund. The proposed lease will result in a minimum monthly rent of $1,618.75 with an annual minimum rent of $19,425.12. Over the five-year term of the lease, revenue to the Tidelands Fund will be a minimum of $97,125.60.

APPROVED BY:

Joe Hoefgen, City Manager

ATTACHMENTS

Resolution No. CC-2104-031
Lease Between the City of Redondo Beach and Tony Tran, an individual, dba Mini Chinese Restaurant