



# Administrative Report

H.14., File # 21-2640

Meeting Date: 6/15/2021

**To:** MAYOR AND CITY COUNCIL

**From:** STEPHEN PROUD, WATERFRONT & ECONOMIC DEVELOPMENT  
DIRECTOR

## **TITLE**

ADOPT BY TITLE ONLY RESOLUTION NO. CC-2106-058, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, LEASING CERTAIN PROPERTY TO CHARLIE'S AT PIER, INC. DBA CHARLIE'S PLACE

APPROVE A LEASE WITH CHARLIE'S AT THE PIER, INC. DBA CHARLIE'S PLACE FOR THE PREMISES AT 200 FISHERMANS WHARF FOR A MONTHLY AMOUNT OF \$2,769.00 FOR THE TERM JUNE 15, 2021 - JUNE 14, 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 200 Fisherman's Wharf (the "Premises") is approximately 780 square feet and has traditionally accommodated a food service use. Charlie's Place 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 \$2,769.00 or 11.5% of gross sales. Minimum annual rent is \$33,228.00.

## **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.

Charlie's Place (the "Tenant") currently operates on the pier and is a familiar location for snack food and take out service. The owner, Charlie Chin has experienced health issues and his family is seeking to sell the operation to Sunhee Song. Sunhee Song owns Redondo Beach Coffee and Bait at the end of Fisherman's Wharf and is a tenant in good standing. The business will continue to operate under the Charlie's Place name.

The proposed lease is for 200 Fisherman's Wharf which is approximately 780 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 \$2,769.00 or \$3.55 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 11.5% 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 Sunhee Song.

#### **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 \$2,769.00 with an annual minimum rent of \$33,228.00. Over the five-year term of the lease, revenue to the Tidelands Fund will be a minimum of \$166,140.00.

#### **APPROVED BY:**

*Joe Hoefgen, City Manager*

#### **ATTACHMENTS**

Resolution No. 2106-058

Lease between the City of Redondo Beach and Charlie’s at Pier dba Charlie’s Place