



# Administrative Report

H.7., File # 22-4065

Meeting Date: 5/3/2022

**To:** MAYOR AND CITY COUNCIL

**From:** GREG KAPOVICH, WATERFRONT & ECONOMIC DEVELOPMENT  
DIRECTOR

## **TITLE**

ADOPT BY TITLE ONLY RESOLUTION NO. CC-2205-023, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, LEASING CERTAIN PROPERTY TO PHONG HOONG, AN INDIVIDUAL, DBA MINI CHINESE RESTAURANT

APPROVE THE LEASE WITH PHONG HOONG, AN INDIVIDUAL, DBA MINI CHINESE RESTAURANT, FOR A MONTHLY MINIMUM RENT OF \$1,618.76 AND A TERM OF MAY 3, 2022 THROUGH APRIL 5, 2026

## **EXECUTIVE SUMMARY**

In 1995, the City of Redondo Beach ("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 ("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 current owner, Tony Tran, desires Phong Hoong to take over ownership of the business.

The proposed new 47-month lease reflects the remaining term of the five-year lease that was approved by City Council on April 6, 2021. The City retains the option to terminate the lease with twelve (12) months 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% 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 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 ("Tenant") currently operates on the pier and has become a familiar location for fast food since it opened in 1984. The restaurant was formerly owned by individuals Canny Tran and Tony Tran. With the retirement of Canny Tran, the City entered into the 2021 lease with Tony Tran as the sole owner. Tony Tran now wishes to transfer ownership to Phong Hoong.

The proposed lease is for 204 Fisherman's Wharf, which includes approximately 283 square feet of space. The proposed 47-month lease reflects the remaining term of the five-year lease that was approved on April 6, 2021. The City retains the right to terminate the lease with a twelve-month

written notice. The minimum monthly rental is \$1,618.76, or \$5.72 per square foot, which accrues to the Harbor Tidelands Fund. The minimum rent escalates 3% each year for the remainder 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 existing personal guaranty of Tony Tran will be replaced by Phong Hoong.

### **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 escalation of 3%. Over the remaining 47-month term, revenue to the Tidelands Fund will be a minimum of \$79,700.

### **APPROVED BY:**

*Mike Witzansky, City Manager*

### **ATTACHMENTS**

- Resolution No. 2205-023
- Lease Between the City of Redondo Beach and Phong Hoong, an individual, dba Mini Chinese Restaurant
- Lease Between the City of Redondo Beach and Tony Tran, an individual, dba Mini Chinese Restaurant (April 6, 2021)