

# CITY OF REDONDO BEACH

## HARBOR / PIER LEASE MANAGEMENT PLAN



KOSMONT COMPANIES

# Background

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- **Over the past several years the City and Harbor Department have undertaken an effort to revitalize the Pier and Harbor**
- **In 2007 Kosmont was retained to develop a Pier and Harbor Asset Management Plan (AMP) in which:**
  - **Kosmont evaluated five properties for their potential highest and best use**
  - **Kosmont provided general policy recommendations on how best to manage leaseholds:**
- **Kosmont presented its findings to City Council and the Harbor Commission in December of 2007 and January of 2008 respectively**



# AMP Summary - Highest & Best Use

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- **May be a catalyst for change rather than the greatest immediate economic benefit**
- **Need to consider the impact to the Harbor and Pier area as a whole rather than a single property**
- **The right tenant(s) could attract other desirable tenants, creating long term value and desired change**



# AMP Summary – Short Term Strategies

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- **Work with existing landlords to reposition assets**
- **Work with existing landlords to maximize value of properties**
- **Acquire leaseholds on properties when necessary for City to be catalyst for change**
- **Immediate substantial opportunity exists – Decron creating intriguing public private development program for 7 acre Redondo Beach Marina property**



# AMP Summary – Long Term Strategies

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- **Aggregate leaseholds**
  - **Efficiencies**
  - **Ability to transform critical mass**
  - **Ability to attract experienced capital**
- **Encourage private management**
  - **Efficiencies**
  - **Access to capital**
- **Pursue desired master leaseholders**



# AMP Summary - Management Structure

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- **Consolidate Oversight**
- **Encourage procedures that encourage consistency and expediency in zoning**
- **Select a vision and delegate the execution**



# Background (cont'd)

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- **Kosmont was subsequently retained to implement its AMP recommendations**
- **Kosmont was also asked to further evaluate all other leases within the Pier and Harbor Area and develop recommendations to manage the leases in a way which:**
  - **Promotes revitalization of the Pier and Harbor Area**
  - **Provides the greatest long term value to the City**
  - **Helps reduce the current visitor seasonality and expand use by locals**
  - **Helps to reduce local commercial sales loss/leakage to El Segundo, Manhattan Beach and Hermosa Beach**



# Current Activities

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**Pursuant to the AMP and the implementation program, the following activities are being or have been completed:**

- Decron has acquired the Redondo Beach Marina and is in the process of developing a substantial redevelopment plan**
- The City Council and Harbor Commission have approved a façade program for the Pier**
- The City Council and Harbor Commission have approved new zoning for the Harbor area**



# Current Activities (cont'd)

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- **In conjunction with the City, Kosmont prepared an RFP for three City controlled leaseholds:**
  - 655 North Harbor Drive
  - 135-9 North International Boardwalk
  - 400 Block of Fisherman's Wharf
- **RFP/Q's had rolling deadline beginning on July 31, 2008**
- **City and Kosmont are reviewing submittals**
- **Kosmont evaluated all leases in the Harbor and Pier areas and prepared a lease management plan which follows**



# Lease Management Strategies

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- **Kosmont identified phases and timelines within the greater Harbor and Pier area for its recommended strategies**
- **Much of the revitalization effort may take 5+ years, however some areas could undergo dramatic change over the next 2-5 years**
- **The City Council and Harbor Department must be consistent in the selection of tenants if goals and revitalization to be achieved**



# Harbor Sub Areas

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# Lease Management Phases

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- **Phase 1 (Near Term, Public Control)** – leases can be aggregated and as appropriate tenants can be replaced and capital improvements completed within the next 2-5 years as the direct result of City action
- **Phase 2 (Near Term, Private Control)** – leases likely impacted by redevelopment of Redondo Beach Marina by Decron; tenant mix will be changed and capital improvements completed within the next 2-5 years



# Lease Management Phases

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- **Phase 3 (Long Term, Public and Private Control)** – longer term leases or underdeveloped properties, investment in which may become more attractive to existing ownership groups as a result of revitalization of properties in Phase 1 and 2. Likely timing for revitalization is 5-10 years
- **Future Revitalization (“Future Rehab”, Longest Term)** – longer term leases which may take 10-20 years to fully revitalize
- **Highest/Best Use (“HBU”)** – properties currently at or near their highest and best use



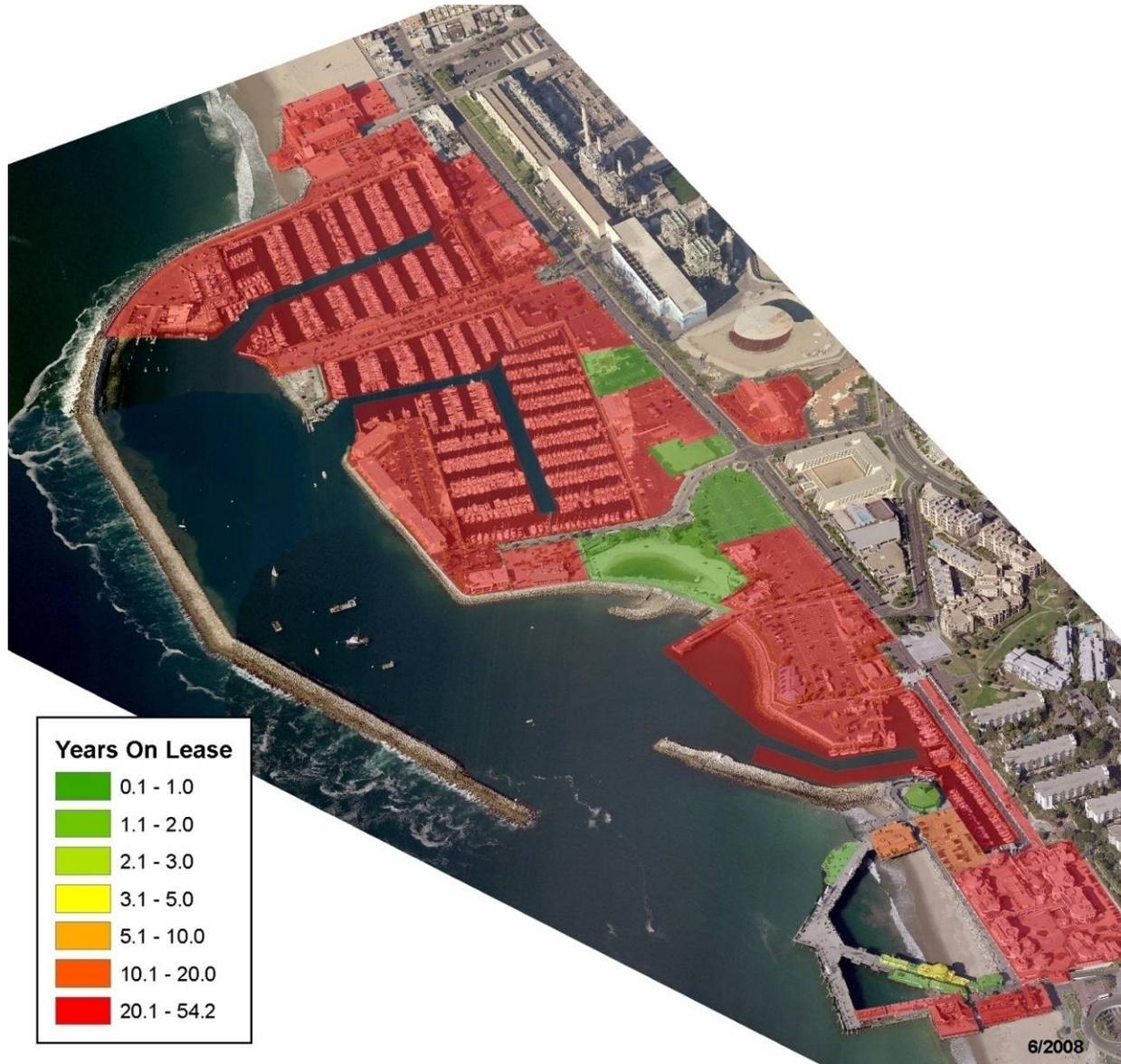
# Leasehold Phase Map

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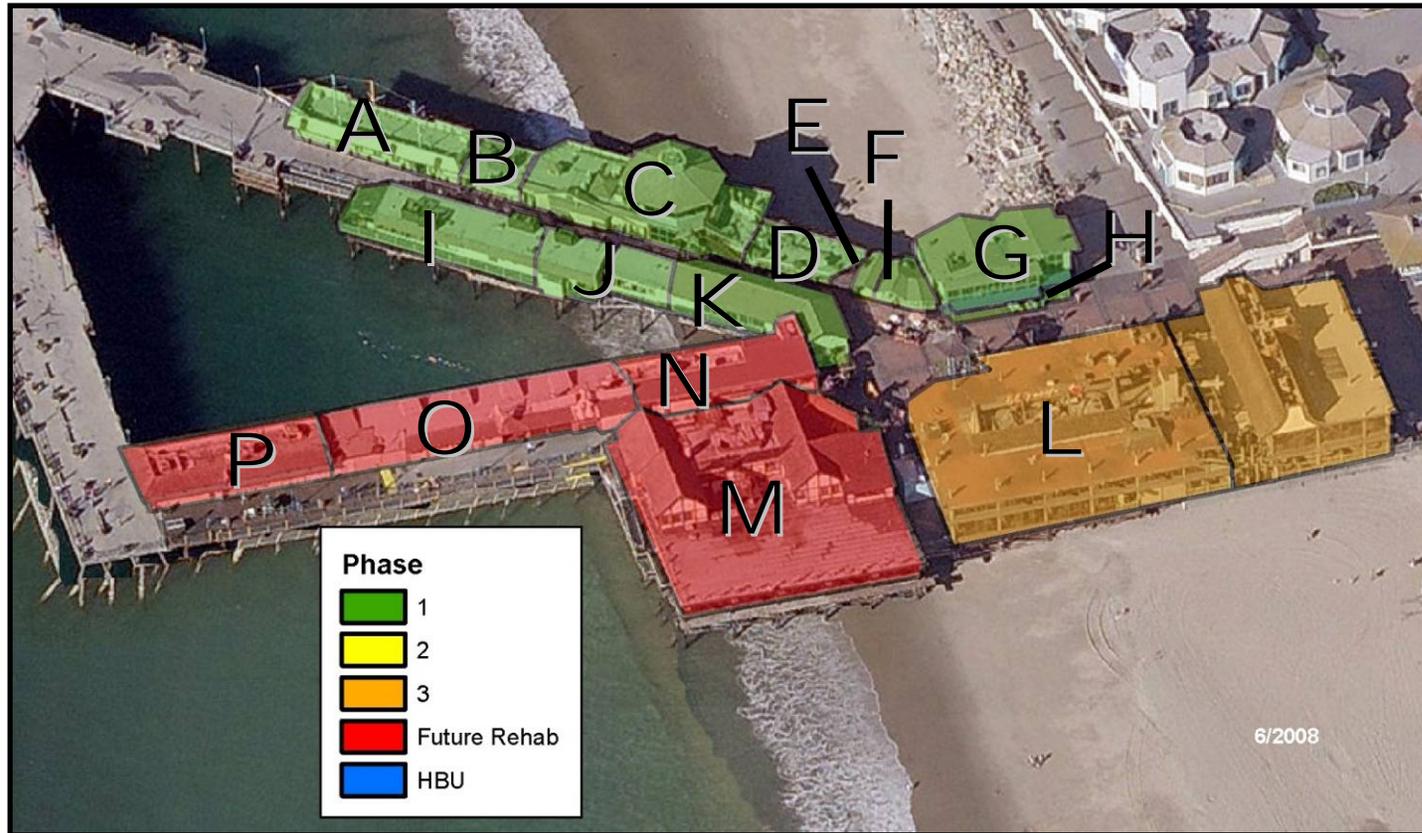


# Remaining Lease Duration

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# Leasehold Phase – Pier South



## PHASE 1

- A. Shark Attack (7/31/2010)
- B. El Cinco De Mayo (6/30/2009)
- C. Tony's on the Pier (2/29/2012)
- D. Hat's N Things (2/29/2012)
- E. Craigs Hot Dog on a Stick (M2M)
- F. Mini Chinese Food (M2M)
- G. New Starboard Attitude (M2M)
- H. Charlie's Place (12/31/2008)

- I. Oriental Breeze (12/31/2008)

- J. Zeppy's Pizza (12/31/2009)
- K. Slightly Different Gifts (4/30/2009)

## PHASE 3

- L. RDR Properties (6/30/2074)

## FUTURE REHAB

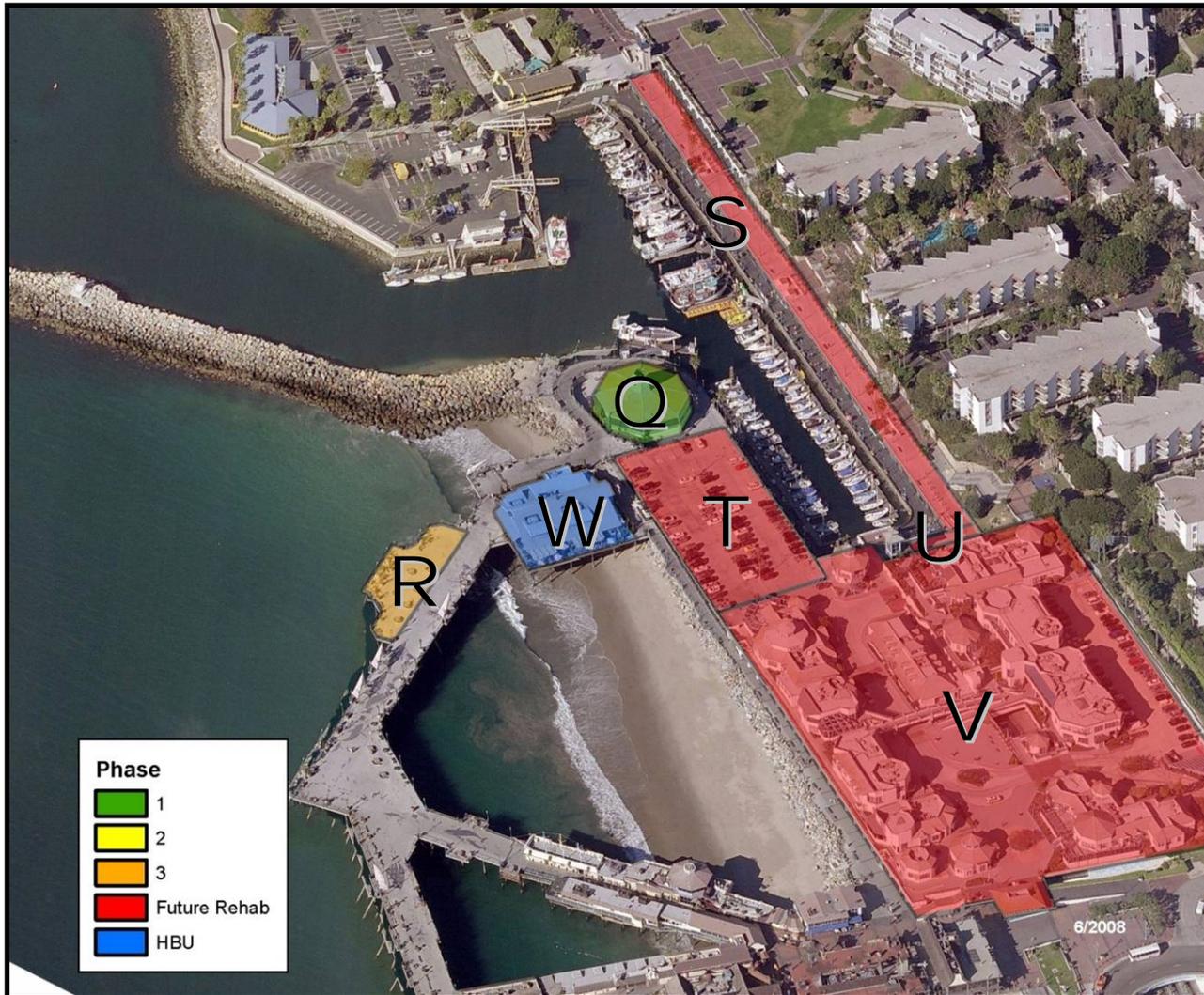
- M, N, O, P. Redondo Fisherman's Wharf Co. (3/31/2034)



# Remaining Lease Duration – Pier South



# Leasehold Phase – Pier Area



## PHASE 1

Q. 135-9 North International Boardwalk (Vacant)

## PHASE 3

R. Pad 2 (Earlier development may be possible)

## FUTURE REHAB

S. International Boardwalk, LLC (6/16/2029)

T. Fisherman's Cove Co. (7/31/2027)

U. Quality Seafood (4/30/2029)

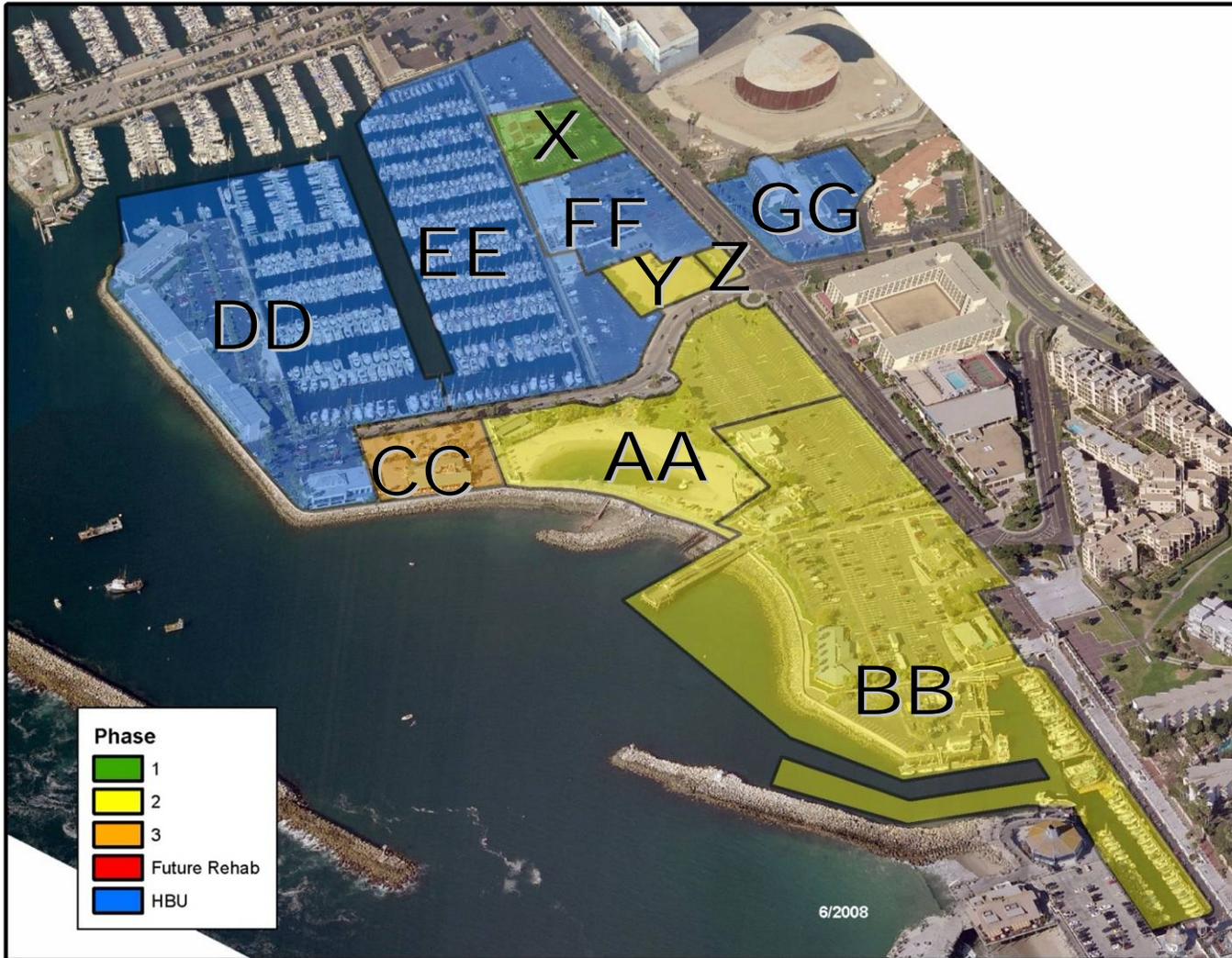
V. Pier Plaza Investments (2/19/2034)

## HBU

W. Kincaid's Bay House (5/17/2028)



# Leasehold Phase – Harbor South



## PHASE 1

X. 655 North Harbor Dive  
(Vacant)

## PHASE 2

Y. Triton Oil (Month-to-Month)

Z. Port Royal Marina  
(Month-to-Month)

AA. Seaside Lagoon  
(City Property – N/A)

BB. Decron Properties  
(8/28/2043)

## PHASE 3

CC. Joe's Crabshack  
(3/7/2030)

## HBU

DD. Portofino Partners  
(3/31/2061)

EE. Port Royal Marina  
(4/16/2027)

FF. Jackbuilt, Inc.  
(Cheesecake Factory,  
8/5/2028)

GG. Sunrise Harbor  
(2/13/2033)



# Leasehold Phase – Harbor North



## HBU

HH. Bascom/Harbor  
Cove Apartments  
(8/31/2062)

II. Marina Cove Ltd.  
(3/12/2032)



# Conclusions

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- **The South Pier Area and Redondo Beach Marina and certain Harbor Drive sites will be the focus of revitalization over the next 2-5 years**
- **The revitalization of these properties should motivate the revitalization and repositioning of adjacent properties**
- **City Council and Harbor Department should be diligent in the selection of tenants and take cohesive actions which promote City goals**



# Next Steps

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- **Continue to review submittals of and market the RFQ/P**
- **Continue to work with Decron in the development of a revitalization program for the Redondo Beach Marina**
- **Work on repositioning the Triton Oil lease**
- **Work on positioning Phase 1 properties for re-leasing and revitalization**

