



CITY OF LONG BEACH

Department of Parks, Recreation and Marine

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July 19, 2005

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute a third amendment to Lease No. 20755 with Baja La Palapa Restaurant Group, Inc., to extend the lease term through July 23, 2010, and expand the lease premises located at 4020 Olympic Plaza to include the planter box area positioned at the southwest corner of the building. (District 3)

DISCUSSION

In May 1999, Baja La Palapa Restaurant Group, Inc. (Baja La Palapa) purchased the former Ragazzi Restaurant located at 4020 Olympic Plaza and began operating La Palapa Del Mar Restaurant. The purchase transaction also included the assignment of the existing ten-year lease, with two five-year extensions. Since taking over the restaurant site, Baja La Palapa has developed a thriving restaurant operation and is known as a popular wedding and reception venue.

In March 2005, Baja La Palapa submitted a letter to the Department of Parks, Recreation and Marine (Department) requesting authorization to exercise the second five-year option to extend the lease term through July 23, 2010. The letter also contains a proposal to increase the restaurant seating capacity by expanding the lease premises to include the planter area at the southwest corner of the building (see Attachment "A"). The improvements for the expansion will include the installation of fencing and the placement of tables, chairs and benches to accommodate up to 82 additional seats. The Department has reviewed the plans for expansion and supports the request. In addition, on behalf of Baja La Palapa, the Department has submitted the required Coastal Commission permit application. Commencement of the improvements is subject to the issuance of a Coastal Permit authorizing the expansion. The plans have already been reviewed and approved by the Department of Planning and Building. The cost of the improvements will be the sole responsibility of Baja La Palapa.

This matter was reviewed by Deputy City Attorney J. Charles Parkin on July 7, 2005 and Budget Management Officer David Wodynski on July 8, 2005.

TIMING CONSIDERATIONS

City Council action is requested on July 19, 2005, to allow the execution of a third amendment to extend the lease term and expand the lease premises.

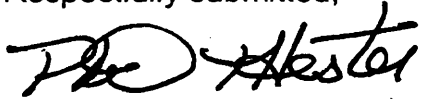
FISCAL IMPACT

Baja La Palapa's rent will remain unchanged. They will continue to pay minimum rent at \$2,980 per month, plus a percentage rent at 8 percent of gross receipts derived from the sale of food and beverages and 8 percent of banquet sales. Last fiscal year, Baja La Palapa's rental payments totaled approximately \$90,000. Revenue from Baja La Palapa is deposited into the Tidelands Fund (TF) in the Department of Parks, Recreation and Marine (PR).

SUGGEST ACTION :

Approve recommendation.

Respectfully submitted,



PHIL T. HESTER
DIRECTOR OF PARKS, RECREATION AND MARINE

APPROVED:


GERALD R. MILLER
CITY MANAGER

PTH:GP
Attachment A