



City of Culver City

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Staff Report

File #: 24-303, **Version:** 1

Item #: C-7.

CC- CONSENT ITEM: (1) Approval of the Transfer of the Existing Lease Agreement for 9240 Culver Boulevard to Gentani Aper Sushi, dba The Brother's Sushi; and (2) Approval of an Assignment and Assumption Agreement and Other Related Documents to Effectuate the Transfer.

Meeting Date: October 9, 2023

Contact Person/Dept: Elizabeth Garcia / Office of Economic and Cultural Development

Phone Number: (310) 253-5708

Fiscal Impact: Yes No

General Fund: Yes No

Attachments: Yes No

Commission Action Required: Yes No

Public Notification: (E-Mail) Meetings and Agendas - City Council (10/03/2023)

Department Approval: Jesse Mays, Assistant City Manager (09/26/2023)

RECOMMENDATION

Staff recommends the City Council (1) approve the transfer of the existing lease agreement for 9240 Culver Boulevard to Gentani Aper Sushi, dba The Brother's Sushi, until March 1, 2027; and (2) approve an assignment and assumption agreement and other related documents to effectuate the transfer.

BACKGROUND

In 2010, Keizo and Yuki Ishiba entered into a lease agreement with the former Culver City Redevelopment Agency to operate the restaurant K-ZO in the commercial space located in the City's Ince Parking Structure at 9240 Culver Boulevard. The term of the agreement was seven years, with two five-year extension options. Mr. and Mrs. Ishiba have exercised both options and the current lease is scheduled to expire on March 1, 2027. The lease agreement does not provide extension provisions beyond March 2027. The monthly rental amount is \$6,569.41 per month, with an annual CPI increase capped at 3%.

DISCUSSION

On December 14, 2022, Mrs. Ishiba submitted a request to transfer the existing Lease Agreement to a new operator due to extraordinary health issues. The proposal, however, was withdrawn by the new operator due to challenges with its financing requirements.

Mrs. Ishiba has submitted a second proposal for the City's consideration from Gentani Aper Sushi (Gentani), dba the Brothers Sushi. Gentani is co-owned by Mark Okuda and Steve Vartazarian and has three establishments: two locations in Woodland Hills and Santa Monica and a sister restaurant, Shibuya, located in Calabasas.

The City's real estate consultant, Keyser Marston Associates (KMA) has reviewed financial information provided by Gentani. Based on financial information provided, KMA confirmed that Gentani meets the financial requirements outlined in the existing lease agreement. Additionally, KMA recommended that the lease transfer be limited to the remaining term of the current lease agreement (March 1, 2027), to give the City time to evaluate the new Lessee's operations. The proposed new operator will be able to request a new lease at the end of the current term and the City will evaluate at that time.

The proposed operator has agreed with the terms presented by the City. The transfer of the lease will be completed through an assignment and assumption agreement through March 1, 2027.

FISCAL ANALYSIS

All provisions of the current lease agreement will remain intact with the assignment of the lease until March 1, 2027. The monthly rental amount is \$6,569.41 per month, with an annual CPI increase capped at 3%.

ATTACHMENTS

1. Current Lease Agreement for 9240 Culver Boulevard

MOTION

That the City Council:

1. Approve the Transfer of the Lease Agreement for 9240 Culver Boulevard to Gentani Aper Sushi, dba The Brother's Sushi;
2. Approve an assignment and assumption agreement and other related documents necessary to effectuate the transfer;

3. Authorize the City Attorney to review/prepare the necessary documents; and
4. Authorize the City Manager to execute such documents on behalf of the City.