

CITY OF SANTA BARBARA WATERFRONT DEPARTMENT

MEMORANDUM

Date: July 19, 2012
To: Harbor Commission
From: Scott Riedman, Waterfront Director
Subject: **Assignment of Lease Agreement No. 23,965 - Sushi Go Go**

RECOMMENDATION:

That Harbor Commission recommend to City Council approval of the assignment of Lease Agreement No. 23,965 from Kyung Wang and Sarah Wang, d.b.a. Sushi Go Go, to Kyong Min Kim, for the 198 square foot restaurant located at 119-B Harbor Way.

DISCUSSION:

Mr. and Mrs. Wang have operated Sushi Go Go since acquiring the business via a lease assignment process in September 2006. The base rent is currently \$633.40 (\$3.20/square foot), subject to annual Cost of Living increases based on the Consumer Price Index. The lease requires a percentage rent of 11.4% of food, beverage, and ice cream sales, or the base rent, whichever is greater. The use of the site is limited to the retail and wholesale sales of seafood, fish, fish products, smoked fish, Asian food items, sushi, and ice cream. The sale of beer and wine for on-site consumption is also permitted.

Earlier this month, Mr. and Mrs. Wang of Sushi Go Go requested to assign the lease to Mr. Kyong Min Kim. The Department has run a credit check and received the lease assignment review fee, financial information, and other documentation relevant to the transaction. Mr. Kim has been a sushi chef for over 20 years in the Los Angeles area. During those 20 years, Mr. Kim has been responsible for all aspects of restaurant operations including training and managing staff, purchasing goods, and creating menus. Mr. Kim intends to continue to grow Sushi Go Go and operate it as a family-run business.

The current owners, the Wangs, are considered tenants in good standing for the purpose of assigning the lease since they have no default notices on file and are prompt with rent payments. The Wangs have done an excellent job of running the business with annual gross sales of \$242,440 in 2011. The CPA firm of Pyne, Waltrip, Decker and McCoy, LLP most recently audited Sushi Go Go in November 2009 and found the Wangs to be in full compliance with their lease.

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In accordance with the Department's lease assignment procedure, no changes to the business terms of the lease will occur as part of this lease assignment. If the Harbor Commission recommends approval of this assignment, the item will go before City Council in late July.

Attachment: Site Plan

Prepared by: Brian Bosse, Waterfront Business Manager