



Watsonville
CALIFORNIA

CITY COUNCIL AGENDA REPORT

MEETING DATE: Tuesday, June 24, 2025
TO: CITY COUNCIL
WRITTEN BY: PRINCIPAL MANAGEMENT ANALYST ZAVALA
RECOMMENDED BY: CITY MANAGER VIDES
APPROVED BY: TAMARA VIDES, CITY MANAGER

SUBJECT: LEASE BETWEEN THE CITY OF WATSONVILLE AND IN SOOK YUM, DBA TOP USA CO., FOR RETAIL SPACE IN THE BEACH ST. PARKING GARAGE

RECOMMENDATION:

It is recommended that the City Council adopt a resolution authorizing the City Manager to execute a Lease and any amendments of a non-substantive nature subject to legal approval by the City Attorney with In Sook Yum, dba Top USA Co., for retail units 21, 27, and 31 located in the Watsonville Beach Street Parking Garage.

BACKGROUND:

In Sook Yum has been a tenant of retail units 21, 27, and 31 in the Watsonville Beach Street Parking Garage since February 13, 1995, under a lease agreement approved initially by the City Council with Sang Park, In Sook Yum, Ho Suk William, Kyoung Sook Suh, and Kwan Hoi Koo. Since then, the lease has been amended and/or extended multiple times. The most recent term expired on May 13, 2024.

Since the expiration, the tenant has continued to occupy the premises and pay rent on a month-to-month basis. Over time, the original partners have withdrawn from the business, leaving In Sook Yum as the sole proprietor.

The leased premises include approximately 8,424 square feet of retail space and 510 square feet of storage.

DISCUSSION:

In Sook Yum would like to continue leasing the premises. The key terms of the recommended lease, which is attached, are as follows:

1. **Term:** Initial five-year lease ending June 30, 2030, with one option to extend for an additional five-year term.
2. **Premises:** Approximately 8,424 square feet of retail space and 510 square feet of storage
3. **Rent:**
 - Base rent of \$5,209.90 per month
 - Common Area Maintenance (CAM) charge of \$1,200 per month

Base rent will be adjusted on an annual basis beginning the second year of the initial term, using the April-to-April change in the Consumer Price Index (CPI) for All Urban Consumers San Francisco-Oakland-Hayward Metropolitan Area, with an annual cap of 3%.

If tenant chooses to exercise the five-year extension, rent for the extension term will be set at the then-current market rate, with annual CPI-based increases thereafter.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) DETERMINATION:

This action is not a project as defined under CEQA; therefore, no environmental review is required.

STRATEGIC PLAN:

Economic Development - The recommended action is consistent with the City's Strategic Plan goals to strengthen economic development by supporting and retaining local businesses.

FINANCIAL IMPACT:

The lease will generate \$76,918.80 in rental income to the Parking Fund during the first year and a subsequent increase up to 3% each year thereafter for the duration of the lease.

ALTERNATIVE ACTION:

The City Council may choose not to authorize the lease. This would require the City to seek a new tenant, potentially resulting in a loss of rental revenue and a vacancy period of unspecified duration.

ATTACHMENTS AND/OR REFERENCES (IF ANY):

None