

MINUTE ITEM

This Calendar Item No. 34
was approved as Minute Item
No. 34 by the State Lands
Commission by a vote of 7
to 0 at its 11/30/77
meeting.

CALENDAR ITEM

34.

11/77
WP 4432
Atkins

TERMINATE PRIOR AUTHORIZATION AND
SOLICIT OTHER POTENTIAL DEVELOPERS

BACKGROUND:

On June 30, 1977 the State Lands Commission authorized the staff to pursue negotiations with Mexico City Restaurants Inc., to lease the Commission's 2.78 acre parcel located at the northeast intersection of Pacific Coast Highway and 1st Street in Seal Beach, Orange County. Mexico City Restaurants Incorporated's proposal was one of several being considered to develop the site. It was selected as the one to initiate lease negotiations with, based upon an analysis by the Division's staff. Upon receiving the Commission's authorization, the staff met with representatives of Mexico City Restaurants Inc., to discuss the specifics of the lease.

Our proposed Lease conditions followed the Commission's standard leasing policy, and called for a lease rate with a minimum rental or a percentage of gross income whichever is greater. In addition we agreed to recommend waiver of the 5 year rent review requirement to make it easier for the developer to obtain financing.

Mexico City requested a lease with a minimum \$450 annual rental. They indicated the other benefits their proposal offered would be compensation enough, such as sales tax revenue, and employment. The staff contended that the Commission is like any other property owner and entitled to a fair market rental for their property. After much discussion staff was unable to come to agreement with Mexico City Restaurants Inc., on the lease terms.

CURRENT SITUATION:

During the period of negotiation with Mexico City Restaurants Inc., many developers have contacted the staff on the status

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of this parcel. The staff has kept a record of those expressing interest in the event the property become available again. The staff feels that the State's interest would be best served by again seeking developers for the site and selecting the one which appears most beneficial to the State.

The staff requests authority to terminate negotiation with Mexico City Restaurants, Inc., exclusively, and to take all steps necessary to find another developer.

EXHIBIT: A. Location Map.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE STAFF TO TERMINATE EXCLUSIVE NEGOTIATIONS WITH MEXICO CITY RESTAURANTS, INC., AND TO TAKE ALL STEPS NECESSARY TO FIND A DEVELOPER FOR ITS 2.78 ACRE PARCEL LOCATED AT THE NORTHEAST CORNER OF PACIFIC COAST HIGHWAY AND FIRST STREET IN SEAL BEACH, ORANGE COUNTY.