



9/11/2025

AGENDA REPORT

PROPOSED ACTION: Ordinance: Approving and Authorizing the Executive Director to Execute an All Assignment and Amendment of the Lease for the Premises Located Approximately at 1901–1995 Embarcadero Road, Oakland, to Assign the Lease from SSS Investment Group LLC to Waterfront Investments Inc., at an Initial Monthly Minimum Rent of \$20,000, and a One-Time Payment of \$1,500,000 from Waterfront Investments Inc. to the Port for Payment of Deferred Rent and as Prepaid Rent, and Extend the Term by Five (5) Years; and Finding that the Proposed Action is Exempt Under the California Environmental Quality Act. **(CRE)**

Submitted By:

Jonathan Veach, Chief Real Estate Officer; Kristi McKenney, Executive Director

Parties Involved:

SSS Investment Group LLC (Assignor) (Oakland, CA)
Waterfront Investments Inc. (Assignee) (Discovery Bay, CA)
Fishermen’s Catch, Inc. (Pittsburg, CA) and Dzung Ngoc
 (“Peter”) Nguyen, Individual (Guarantors)

Amount: \$1,500,000
Up-Front Payment
plus \$5,000
Assignment
Processing Fee

EXECUTIVE SUMMARY: Staff recommends approval of an Amendment and Assignment of the existing Lease for the property located approximately at 1901–1995 Embarcadero Road, Oakland, currently held by SSS Investment Group LLC. The proposed action would amend key terms of the Lease and assign the Lease to Waterfront Investments Inc., a new entity formed by Peter Nguyen. The amendment includes a \$1,500,000 payment to the Port, which will be used to fully satisfy the Deferred Rent balance, allocate funds to an additional security deposit, and provide prepaid rent credit to the incoming lessee. Additional changes include provision of guarantees, and updates to minimum rent, percentage rent structure, lease term extension, and capital maintenance responsibilities, supporting long-term reinvestment and operational stabilization of this Port-owned asset.

BACKGROUND & ANALYSIS

The Port of Oakland entered into a long-term lease with SSS Investment Group LLC (SSS) in August 2019 for the property known as Embarcadero Cove, located approximately at 1901-1995 Embarcadero Road. The site includes approximately 145 marina slips and a collection of commercial buildings currently subleased to a variety of tenants, including Quinn’s Lighthouse Restaurant, various small retailers, creative office tenants, and a boat repair operation. The lease was subsequently amended in July 2022.

Over time, the property has suffered from deferred maintenance, management instability, and mounting rent arrears, raising significant concerns about the long-term viability of the tenancy.

On May 12, 2025, SSS submitted a formal request to assign its leasehold interest to a new operator. The proposed assignee, Waterfront Investments Inc., is a California corporation formed by Dzung Ngoc ("Peter") Nguyen, an experienced waterfront business operator who began as a commercial fisherman navigating marinas up and down the West Coast. Mr. Nguyen, a lifelong entrepreneur with over 40 years of experience rooted in the Bay Area's working waterfront, currently operates Fishermen's Catch, Inc. at the Pittsburg Marina in Contra Costa County. In addition to providing bait, tackle, and maritime support services to the local boating and fishing community, Fishermen's Catch owns and operates popular seafood restaurants and bait shops in Pittsburg and Oakley. Mr. Nguyen also recently executed a lease with the Crescent City Harbor District, where he committed roughly \$300,000 in capital improvements to rehabilitate and activate a dormant seafood processing facility. His demonstrated ability to invest in distressed waterfront assets, manage complex marine-related uses, and collaborate with local agencies positions him well to assume the lease and reposition Embarcadero Cove as a stabilized, revenue-generating property within the Port's real estate portfolio.

The proposed assignment would allow the Port to recover over more than \$1.2 million in deferred rent, eliminate future collection risk, and transition the property to a new operator with a clear plan for reinvestment and operational improvements. The current tenant, SSS, has acknowledged its inability to meet long-term financial and managerial obligations and supports the assignment subject to confirmation of the final financial structure.

The Port and Waterfront Investments have agreed upon the key business terms of the proposed transaction under which Waterfront will pay \$1.5 million directly to the Port. Of this amount, approximately \$1.23 million will be applied to outstanding deferred rent accrued by SSS since 2020. The remaining \$270,000 will be allocated as follows: a \$60,000 additional security deposit, and \$210,000 as prepaid rent, credited back to the tenant at a rate of \$5,000 per month. This structure was an essential component of the negotiation and reflects a shared interest in ensuring continuity of operations, minimizing upfront rent exposure for the incoming tenant, and strengthening the Port's financial position through immediate revenue and rent prepayment.

In addition to paying all deferred rent, Waterfront has committed to investing \$3.5 million in capital improvements over the first three years of the amended lease term. This investment will address longstanding deferred maintenance, modernize the site, and enhance its attractiveness to current and future tenants. Beginning in year four, the lease will require ongoing capital expenditures equal to three percent (3%) of gross revenue annually. A major capital improvement will also be required every 25 years. If the second major improvement is not completed by year 50 of the Lease, the Port will retain a right of termination.

The incoming operator will also be responsible for assuming and rationalizing all existing subleases. The Port expects Waterfront to evaluate all existing agreements, stabilize the tenant base, and improve operational oversight.

Staff recommends approval of the proposed Assignment and Amendment of the Lease. This transaction offers the Port a timely and strategic opportunity to recover outstanding arrears, restore stable operations at a challenged asset, and transition site control to a proven waterfront operator with a clear plan for reinvestment. The proposed assignee, Waterfront Investments, Inc., backed by Peter Nguyen and Fishermen's Catch, Inc., brings the financial capacity and operational expertise necessary to manage a complex marina and commercial property portfolio.

The transaction structure ensures full repayment of all Deferred Rent owed by SSS and provides additional rent prepayment that enhances near-term lease security, also guaranteed with an additional security deposit that will be held until the \$3.5 million is spent on capital improvements within the first three years. With SSS's revenue in decline and its capacity to steward the site diminishing, this proposed Amendment and Assignment represents a forward-looking solution that preserves tenancy, secures the Port's financial interests, and unlocks long-term value through phased improvements and better site management.

A map of the Premises is shown in **Exhibit A**.

A summary of the Existing and Proposed Terms is outlined below:

Term Summary

Description	Existing Lease	Proposed Amendment
Premises	Approximately 2.84 acres of land and buildings and 3.77 acres of water area on property located at approximately 1901-1995 Embarcadero Road, Oakland	No change
Minimum Monthly Rent	\$36,324, of which \$10,000 is paid monthly by SSS as a Reduced Payment per the First Amendment of the Lease	10/1/2025 – 9/30/2028: \$20,000 10/1/2028 – 7/31/2079: \$25,000
Percentage Rent	8% of land sales and 15% of berth sales (less minimum rent)	10/1/2025 – 9/30/2028: 8% of Gross Receipts for both land and berth 10/1/2028 – 7/31/2079: 12% of Gross Receipts for both land and berth

		No Percentage Rent offset
Rent Adjustments	3% annually FMV adjustment every 10 years	3% annually with 10% increase every 10 years
Deferred Rent Repayment	Repayment of Deferred Amounts commencing on July 1, 2042	\$1,500,000 payment from Waterfront (Additional Payment): • \$1,232,167.37 applied to deferred rent (as of 9/30/25) • ~\$210,000 structured as prepaid rent, credited at \$5,000/month, and \$60,000 to additional Security Deposit
Assignment Fee	N/A	\$5,000 one-time payment
Lease Term	8/1/2019 – 7/31/2074	8/1/2019 – 7/31/2079 (5-year extension)
Security Deposit	Three Times' Minimum Rent	Three Times' Minimum Rent plus additional \$60,000 to be held from the Additional Payment until Capital Expense Requirement has been met for Years 1-3
Capital Expense Requirement	Years 1–5: \$2,000,000 Years 6–10: \$375,000 15% increase every 5 years thereafter	10/1/2025 – 9/30/2028: \$3.5 million 10/1/2028 – 7/31/2079: 3% of annual revenue Lease Years 25 and 50: Major Renovations* *Port may terminate if Lease Year 50 improvement not completed
Port Capital Expense Reimbursement	Up to \$1,000,000 in first 10 years	None
Guaranty	Provided by three individuals	Provided by Peter Nguyen and Fisherman's Catch, Inc.
Guaranty Replacement Option	Option to replace after Year 10 by paying 6 months' rent as additional security	May replace after October 1, 2035, based on financial review and Lease compliance, and in Port's sole discretion
Subleases	Multiple existing subtenants	Waterfront to evaluate all subleases

OTHER FINDINGS AND PROVISIONS

ENVIRONMENTAL REVIEW

The proposed action was analyzed under the California Environmental Quality Act (CEQA) and was found to be:

- ☒ Categorically exempt under the following CEQA Guidelines Section:
15301 (Existing Facilities)
- ☐ "Common Sense" exemption under CEQA Guidelines Section 15061(b)(3).
- ☒ Other/Notes: Exemption finding is limited to lease amendment/assignment only. Any future development of the leased area will require a separate CEQA analysis and finding.

BUDGET

- ☐ Administrative (No Impact to Operating, Non-Operating, or Capital Budgets); OR
- ☒ Operating ☐ Non-Operating ☐ Capital

Analysis: CRE's FY2026 Operating Budget includes \$327,867 in lease revenues for the properties located at 1901–1995 Embarcadero Road, Oakland. For the nine months the new assigned lease will be in effect, the Port is expected to collect \$20,000 per month in rent or \$180,000 in total. Total CRE revenues will be lower by \$ 66,717 compared to *budgeted* FY2026 revenues.

STAFFING

- ☒ No Anticipated Staffing Impact.
- ☐ Anticipated Change to Budgeted Headcount.
Reason:
- ☐ Other Anticipated Staffing Impact (e.g., Temp Help).
Reason:

**MARITIME AND AVIATION PROJECT
LABOR AGREEMENT (MAPLA):**

LIVING WAGE (City Charter § 728):
Applies?

<p><u>Applies?</u> No (Not Aviation or Maritime CIP Project) – proposed action is not covered work on Port’s Capital Improvement Program in Aviation or Maritime areas above the threshold cost.</p> <p><input type="checkbox"/> <u>Additional Notes:</u></p>	<p>No (CRE) – proposed action entails tenancy outside of the Maritime or Aviation areas and therefore not subject to Living Wage requirements.</p> <p><input type="checkbox"/> <u>Additional Notes:</u></p>
<p><u>SUSTAINABLE OPPORTUNITIES:</u></p> <p><u>Applies?</u> No.</p> <p><u>Reason:</u> Proposed Assignee has not proposed any development for the leased area.</p>	<p><u>GENERAL PLAN</u> (City Charter § 727):</p> <p><u>Conformity Determination:</u></p> <p>CRE – proposed action is within City of Oakland’s planning jurisdiction and appears to conform to the General Plan. Choose an item.</p>
<p><u>STRATEGIC PLAN.</u> The proposed action would help the Port achieve the following goal(s) in the Port’s Strategic Plan:</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Capture Our Market and Grow the Economic Base <input checked="" type="checkbox"/> Modernize and Upgrade Infrastructure <input type="checkbox"/> Transition to Zero-Emissions and Build Climate Resilience <input checked="" type="checkbox"/> Maximize Land Use Value and Revenues <input type="checkbox"/> Workforce Training and Jobs Development <input type="checkbox"/> Create Opportunities for Local Businesses and Community Economic Development 	