

CITY OF LONG BEACH

DEPARTMENT OF PARKS, RECREATION & MARINE

C-9



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January 9, 2018

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager, or designee, to execute all documents necessary to terminate Lease No. 28285, and enter into a new lease with Heritage Yacht Sales, Inc., and Seacoast of Channel Islands, LLC, dba Seacoast Heritage Yacht Sales, for facilities located at 231 N. Marina Drive, for a term of 15 years and one month, from February 1, 2018 through February 28, 2033. (District 3)

DISCUSSION

On January 28, 2003, the City Council authorized the execution of Lease No. 28285 with Naples Yacht Sales, Inc., for facilities located at 215 Marina Drive (Premises), in the Alamitos Bay Marina, for the operation of a marine vessel sales and brokerage business. The leased facilities consisted of building improvements and immediately adjacent dock space in the Alamitos Bay Channel. On October 17, 2006, the City Council approved a First Amendment to assign Lease No. 28285 from Naples Yacht Sales, Inc., to Heritage Yacht Sales, Inc. (Heritage). On February 17, 2009, the City Council approved a Second Amendment to Lease No. 28285 to amend the term and provisions of the lease allowing for the construction of a new reconfigured dock, gangway, and utilities, and adding Yacht Haven Marina, Inc., as a lease holder.

In May 2016, Heritage requested to sublet the Premises to a new company, Seacoast Heritage Yacht Sales (Seacoast), of which Heritage owns a 10 percent interest. Subsequently, Yacht Haven Marina, Inc., indicated its desire to terminate its portion of Lease No. 28285. To address these requested changes, ensure clear lines of responsibility, and properly reflect Seacoast's interest, Heritage and City of Long Beach (City) staff have agreed to terminate Lease No. 28285, and enter into a new lease.

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The proposed new lease (Lease) includes the docks as part of the leased Premises, provides a negotiated rent that recognizes Heritage's prior investment in the docks, defines Seacoast's use of the docks solely for the brokerage and sale of vessels, limits charges of fees solely for that use, and recognizes the partial assignment from Heritage to Seacoast.

Upon termination of Lease No. 28285, the new Lease will provide for the following major provisions:

- Lessor: City of Long Beach, a municipal corporation.
- Lessee: Heritage Yacht Sales, Inc., and Seacoast of Channel Islands, LLC, dba Seacoast Heritage Yacht Sales.
- Term: Fifteen years, one month. February 1, 2018 through February 28, 2033.
- Renewal Options: None.
- Premises: The Premises shall consist of an approximate 480-square-foot office building located at 231 N. Marina Drive, the adjoining marina docks comprised of five slips and three side ties, and, on a non-exclusive basis, the City parking lot adjacent to the Premises located in Alamitos Bay Marina (Attachment).
- Permitted Use: The sale of new and/or brokering of used marine vessels. Vessel storage shall not be permitted. Overnight stays shall be limited to two nights within a 30-day period.
- Rent: The City shall receive monthly rent in the amount of \$2,100.
- Monthly Rent Adjustments: Effective July 1 of each year, monthly rent shall be adjusted by the January Consumer Price Index for Los Angeles-Riverside-Orange Counties by no less than 2 percent and no more than 4 percent.
- Percentage Quarterly Rent: A total of 7 percent of any commissions for brokerage sales, plus 7 percent on new boat sales generated from the Premises, shall be paid to the City.
- Maintenance and Repair: Lessee, at its sole cost and expense, shall keep and maintain the Premises in good and substantial repair and condition.
- Permits: Lessee shall obtain all necessary City permits and all other required regulatory permits, as well as approval from the California Coastal Commission, prior to commencing any improvements to the Premises.

- Utilities: Lessee shall pay for all necessary utilities.
- Insurance: Lessee shall provide evidence of insurance as required and approved by the City's Risk Manager.

This matter as reviewed by Deputy City Attorney Linda T. Vu on December 15, 2017 and by Budget Management Officer Rhutu Amin Gharib on December 19, 2017.

TIMING CONSIDERATIONS

City Council action is requested on January 9, 2018, to authorize the execution of the new Lease in a timely manner.

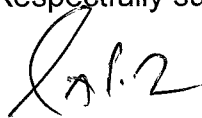
FISCAL IMPACT

Estimated annual revenue in the amount of \$40,300 is budgeted and will continue to be deposited in the Tidelands Operations Fund (TF 401) in the Parks, Recreation and Marine Department (PR). The recommended action will result in a positive impact on jobs. The proposed new Lease will allow existing jobs in the Alamitos Bay Marina to be maintained.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



for MARIE KNIGHT
DIRECTOR OF PARKS, RECREATION AND MARINE

MK:SS:EH:KB:RL:lh

Attachment

APPROVED:



PATRICK H. WEST
CITY MANAGER



HERITAGE YACHT SALES, INC. and SEACOAST OF CHANNEL ISLANDS, LLC, DBA
SEACOAST HERITAGE YACHT SALES, 231 N. Marina Drive
City of Long Beach, Alamitos Bay Marina

