



CITY OF LONG BEACH

DEPARTMENT OF PARKS, RECREATION & MARINE

R-27



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December 16, 2008

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute all necessary documents to amend and restate Lease No. 25092, by and between the City of Long Beach and Choura Venue Services, a California Corporation, for city-owned property located at 2400 Studebaker Road, for a term of five years with three five-year renewal options; and authorize the City Manager to execute future amendments to extend the lease term and adjust the minimum annual rent. (District 5)

DISCUSSION

Mr. James Choura, President of Choura Venue Services (Choura) has been operating the food and beverage concession at El Dorado Golf Course Restaurant under James J. Choura, dba El Dorado Restaurant, since 1981. In 1997, the Department of Parks, Recreation and Marine (PRM) conducted a Request for Proposal process in which Mr. Choura was awarded Lease No. 25092 (Lease) based on his experience, proposed rent, and proposed improvements. Between 1997 and 2003, Choura has completed facility improvements with a value of over \$300,000.

During the spring of 2007, Choura worked with the City's Fire Department to ensure that the event center at El Dorado Golf Course, known as the Garden Pavilion, met fire safety codes, investing \$250,000 in the reconstruction. As a result, the Garden Pavilion has become a premier wedding location offering patrons a tented event center that sits on the beautiful 18-hole El Dorado Golf Course. This area provides beautiful photo venues, permanent amenities while enjoying outdoor beauty, and is a full-service event center, capable of hosting golf tournaments, special events, and corporate parties.

In order to amortize the capital investment over time, Choura requested an extension to the term of the Lease, which expires on March 31, 2012. The Department agreed to reopen negotiations due to the fact that the current Lease does not contain provisions for additional capital projects or increases in rent. Under the amended Lease, over time, Choura will make capital improvements with a value of \$100,000 and the annual minimum rent shall increase from 8 percent of gross receipts to 10 percent.

Choura operates The Grand Long Beach Event Center, The Grand at Cal State Long Beach, The Grand at the Japanese Gardens, Pico Rivera Golf Course Concessions, Anza Event Rentals and Tent Designs, and Bixby Event Rentals. Choura specializes in hospitality and dedication to the patron's "experience." Since El Dorado Restaurant has been operating under the Choura Venue Services umbrella, revenue to the City has

increased nine percent per year. In 2006, the City received \$133,444 in revenue; in 2007, the City received \$144,603 in revenue; and by the end of 2008, PRM estimates that the City will receive \$161,123 in revenue.

The proposed amended and restated Lease contains the following major provisions:

- Location: 2400 Studebaker Road, commonly known as El Dorado Restaurant at El Dorado Golf Course.
- Authorized Use: The premises shall be used solely to sell food and beverages, including alcoholic beverages, rental of banquet rooms, and the operation of a full-service event-planning center, commonly known as the Garden Pavilion.
- Term: January 1, 2009 through December 31, 2013.
- Renewal Options: Three five-year renewal options through mutual consent.
- Percentage Rent: Eight percent of monthly gross receipts or \$7,400 per month, whichever is greater. Upon execution of the first renewal option, the monthly percentage rent shall be ten percent. The monthly minimum rent shall be adjusted every three years.
- Capital Improvement Trust Account: Two percent of monthly gross receipts paid to the City will be deposited into a capital improvement trust account. Upon execution of the first renewal option, three percent of monthly gross receipts paid to the City will be deposited in the capital improvement trust account.
- Improvements: Upon execution of the contract, Choura, at its sole cost, shall begin the process for the completion of a capital improvement project with a value of \$25,000, by December 2011. During each of the extension periods, Choura, at its sole cost, shall complete a capital improvement project with a value of \$25,000, within 24 months of execution.
- Maintenance and Utilities: Choura shall be responsible for maintaining the property in good condition and for all costs related to the installation and use of utilities.
- Insurance: Choura shall provide evidence of insurance as deemed sufficient by the City's Risk Manager.

This matter was reviewed by Deputy City Attorney Gary J. Anderson on November 24, 2008, and Budget Management Officer Victoria Bell on November 25, 2008.

TIMING CONSIDERATIONS

City Council action is requested on December 16, 2008, in order to authorize the execution of all necessary documents to amend and restate Lease No. 25092.

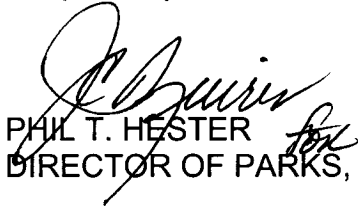
FISCAL IMPACT

Guaranteed annual revenue in the amount of \$88,800 and an estimated amount of \$70,000 of percentage rent, for an estimated total of \$158,800, will accrue to the General Fund (GP) in the Department of Parks, Recreation and Marine (PR).

SUGGESTED ACTION:

Approve recommendations.

Respectfully submitted,



PHIL T. HESTER
DIRECTOR OF PARKS, RECREATION AND MARINE

PTH:eh

APPROVED:



PATRICK H. WEST
CITY MANAGER