



# CITY OF LONG BEACH R-15

DEPARTMENT OF PUBLIC WORKS  
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May 24, 2011

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

## RECOMMENDATION:

Authorize the City Manager to execute any and all documents necessary for the First Amendment to Lease No. 27641 with Shoreline Yacht Club of Long Beach, a California not-for-profit corporation, as successor-in-interest to Shoreline Management, LLC, for City-owned property located at 386 Shoreline Drive South, to extend the term through March 1, 2037. (District 2)

## DISCUSSION

In late 1999, the City Council authorized the execution of a lease between the City of Long Beach and Shoreline Management LLC (Lessee), for approximately 3,500 square feet of City-owned property at 386 Shoreline Drive South, located within the Shoreline Marina Parking Lot, for the development and operation of a yacht club. Lease No. 27641 was executed in February 2002 with a commencement date of March 1, 2002 and provided for an initial term of 25 years, with two five-year options to renew for a total lease term of 35 years. The Lessee prepaid the rent for the initial term in the amount of \$94,540, as well as funded the costs associated with the construction of the yacht club, which includes a two-story, 7,000 square foot clubhouse and a 3,000 square foot deck. As customary, any improvements remaining on City-leased property at the end of the Lease term will become City-owned.

The Lessee sponsors and participates in a number of public events such as the Parade of 1,000 Lights, the Charity Regatta for The Children's Clinic, a 4<sup>th</sup> of July breakfast, numerous sailing races, boating safety classes, maritime-related instruction programs, and offers scholarships to local Boys and Girls Clubs to attend its Junior Sailing program. In addition, the Lessee is the host yacht club for the West Coast Transpac Race.

The Lessee is exploring options to refinance its existing construction loan for the improvements to this property. The initial term of the Lease will end on March 1, 2027, at which time the Lessee may exercise its first of two five-year options to further extend the term. In order to achieve viable financing, the Lessee is seeking to incorporate both

options and extend the term of the Lease through March 1, 2037. City Council authorization is necessary to amend the Lease and memorialize this transaction.

The proposed First Amendment to the Lease contains the following major terms and provisions:

- Lessor: City of Long Beach.
- Lessee: Shoreline Yacht Club of Long Beach, a California not-for-profit corporation, successor-in-interest to Shoreline Management, LLC.
- Leased Premises: Approximately 3,500 square feet of City-owned property located at 386 Shoreline Drive South in the Shoreline Marina Parking Lot.
- Length of Term: The term of the Lease shall be extended through March 1, 2037.
- Extension Options: The Lessee shall have no remaining options to further extend the term of the Lease.
- Extension Term Rent: The monthly base rent for the Leased Premises shall be adjusted to reflect the fair market land value effective March 1, 2027, and five years thereafter on March 1, 2032.

All remaining terms and provisions of the Lease shall remain in full force and effect.

This letter was reviewed by Deputy City Attorney Richard F. Anthony on April 25, 2011 and Budget Management Officer Victoria Bell on May 6, 2011.

#### TIMING CONSIDERATIONS

City Council action is requested on May 24, 2011, in order to finalize and execute the First Amendment in a timely manner.

#### FISCAL IMPACT

Prepaid rent for the initial lease term is posted annually to the Marina Fund (TF 403) in the Department of Public Works (PW). Monthly base rent payments shall begin to accrue to the Marina Fund (TF 403) in the Department of Public Works (PW), effective March 1, 2027, based on a fair market value appraisal at that time. There is no local job impact associated with this recommendation.

HONORABLE MAYOR AND CITY COUNCIL

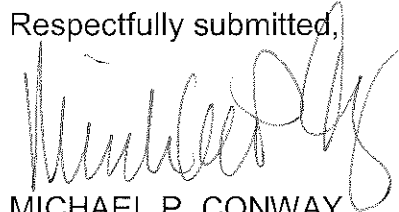
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SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



MICHAEL P. CONWAY  
DIRECTOR OF PUBLIC WORKS



GEORGE CHAPJIAN  
DIRECTOR OF  
PARKS, RECREATION AND MARINE

MPC:GC:JMLR:MTB  
05.24.11 Shoreline Yacht Club v1

APPROVED:

  
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PATRICK H. WEST  
CITY MANAGER