



# CITY OF LONG BEACH

# R-25

DEPARTMENT OF PUBLIC WORKS

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September 18, 2012

HONORABLE MAYOR AND CITY COUNCIL

City of Long Beach  
California

## RECOMMENDATION:

Authorize the City Manager to execute all documents necessary for a Consent Agreement between the City of Long Beach (Master Landlord) and West Marine Products, Inc., a California corporation (Subtenant), for City-owned property and improvements at 251 Marina Drive within the Alamitos Bay Marina Center. (District 3)

## DISCUSSION

On February 1, 1994, the City Council authorized the execution of Master Lease No. 23509 (Master Lease) with BANCAP Marina Center, Inc. (Master Tenant), for the remodeling, renovation, and management of City-owned property and improvements at the former Marine Bazaar Complex located at 241-255 Marina Drive. Following the completion of the renovations, the existing tenant leases were assigned to the Master Tenant and the property was renamed the Alamitos Bay Marina Center (ABMC). ABMC is currently occupied by the following subtenants: Stan Miller Yachts (boat broker); Alan Andrews Yacht Design (custom yacht design); West Marine Products (marine retail sales); Scuba Duba (boat hull cleaning and maintenance service); Schooner or Later (restaurant); and the Seal Beach Yacht Club (social club). The Master Lease provides for a 25-year term and will terminate on June 30, 2019.

Concurrent with the authorization of the Master Lease, the City Council authorized the execution of a new lease with West Marine Products, Inc. (West Marine), for approximately 11,000 square feet of retail space, for an initial term of ten years with two five-year options to extend the lease through June 30, 2014. Immediately following its execution, the City assigned its interest in the new West Marine lease (Sublease) to the Master Tenant.

West Marine is the nation's largest marine retailer and has been serving the Long Beach boating community at the ABMC for over thirty years. Marine retail sales is one of the key types of uses within the Tideland area, and West Marine continues to expand its line of products to meet the ongoing needs of the Alamitos Bay Marina and surrounding areas.

In December 2011, a long-standing subtenant at the ABMC, Stoll Engine Company, vacated approximately 3,060 square feet of retail space adjoining the West Marine space. Shortly after the space went vacant, the Master Tenant and West Marine commenced negotiations regarding the expansion of West Marine's subleased premises. West Marine is seeking to expand its retail space and extend the term of the Sublease in order to continue operating at the ABMC through 2038. The current term of the Sublease expires on June 30, 2019, coterminous with the Master Lease. West Marine anticipates spending in excess of \$900,000 in order to modernize its existing store and to further expand its line of products at this location.

The Master Tenant and West Marine have negotiated terms for a Fourth Amendment to the Sublease that would provide for an extension of the current term through June 30, 2023 with three five-year options to further extend the term. Since the proposed term of the Fourth Amendment to the Sublease would extend beyond the existing term of the Master Lease, the City would need to execute an agreement with West Marine to honor the terms of the Sublease upon the termination of the Master Lease.

In order to facilitate West Marine's long-term tenancy at the ABMC, staff recommends the execution of a Consent Agreement containing the following major terms and conditions:

- Master Landlord: City of Long Beach.
- Subtenant: West Marine Products, Inc., a California corporation.
- Premises: Approximately 13,770 square feet (10,710 square feet of existing space and 3,060 square feet of expansion space) located at 251 Marina Drive.
- Consent: Upon the termination of the Master Lease, Master Landlord agrees to honor the term of the Fourth Amendment to the Sublease through June 30, 2023 as well as Subtenant's three 5-year extension options subject to agreement by both Master Landlord and Subtenant on the then fair market value of the subleased premises for each extended term.

This matter was reviewed by Deputy City Attorney Richard Anthony on August 14, 2012 and Budget Management Officer Victoria Bell on August 29, 2012.

#### TIMING CONSIDERATIONS

City Council action on this matter is requested on September 18, 2012, to promptly execute the Consent Agreement in order to allow for West Marine to commence its expansion and remodeling project for completion prior to the upcoming 2013 boating season.

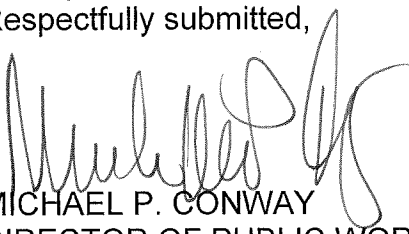
FISCAL IMPACT

The Master Lease provides for approximately \$500,000 in annual revenue to the Marina Fund (TF 403). While there is no direct fiscal impact or job impact associated with the execution of the Consent Agreement, its execution will help to ensure the long-term tenancy of West Marine, the largest of the ABMC subtenants.


SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



MICHAEL P. CONWAY  
DIRECTOR OF PUBLIC WORKS



GEORGE CHAPJIAN  
DIRECTOR OF PARKS, RECREATION AND  
MARINE

APPROVED:



PATRICK H. WEST  
CITY MANAGER