

**CITY OF LONG BEACH**

DEPARTMENT OF COMMUNITY DEVELOPMENT

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802

March 8, 2005

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute all documents necessary for the assignment of the Lease for City-owned property at 700 Queensway Drive to Queensway Hotel, LLC, a Delaware limited liability company for the continued operation of the Coast Hotel. (District 2)

DISCUSSION

In May 1988, the Board of Harbor Commissioners entered into a lease agreement (Lease) with Forte Hotels International, Inc. for the operation of a 195-room hotel at 700 Queensway Drive (see Exhibit A). Subsequently, a number of Lease assignments ensued and in 1999, the Lease was assigned to the current lessee, Boutique Hotel Company – Long Beach, LLC (Boutique). The Department of Community Development currently oversees the Lease.

Boutique has requested the City's consent to the assignment of the Lease to Queensway Hotel, LLC (Queensway), a Delaware limited liability company, for the continued operation of the Coast Hotel. All terms and conditions of the existing Lease will remain in full force and effect.

Staff, with the assistance of real estate consulting firm Keyser Marston and Associates (KMA), have reviewed Queensway's financial background for operation of the Coast Hotel. KMA has concluded that Queensway has the financial capability and sufficient background and experience as a hotel operator and recommends approval. Staff has inspected the premises and reviewed the proposed assignment documents and has found them to be consistent with the City's requirement for consent to an assignment of the Lease. In order to facilitate the assignment of the Lease, the City Council must formally authorize the City Manager to execute a Ground Lease Estoppel and a Consent to Assignment and Assumption of Ground Lease.

This letter was reviewed by Deputy City Attorney J. Charles Parkin on February 24, 2005 and Budget Management Officer David Wodynski on February 28, 2005.

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TIMING CONSIDERATIONS

City Council action is requested on March 8, 2005 to complete the assignment of the lease in a timely manner.

FISCAL IMPACT

There is no fiscal impact associated with the recommendation.

SUGGESTED ACTION

Approve recommendation.

Respectfully submitted,



MELANIE S. FALLON
DIRECTOR OF
COMMUNITY DEVELOPMENT

MSF:VA:lel
Attachment: Exhibit "A"
3.08.05 CC Ltr.Coast Hotel

APPROVED:



GERALD R. MILLER
CITY MANAGER