



Legislation Text

File #: 19-0083, **Version:** 1

Recommendation to authorize City Manager, or designee, to execute all documents necessary for an Amended and Restated Lease No. 30620 with the Navy Yacht Club - Long Beach, a California nonprofit corporation, for the continued use of City-owned property at 223 Marina Drive. (District 3)

Established in 1967, the Navy Yacht Club - Long Beach (Lessee) provides and encourages sailing competition and safe boating practices in the Long Beach military community. The Lessee is affiliated with, and sponsored by, the United States Navy, and its membership includes active-duty military from all branches of the Armed Forces, retired military, veterans, and Coast Guard Auxiliary personnel. The organization actively participates in local charitable activities, including partnering with the Veterans Affairs Long Beach Healthcare System and the Long Beach Charity Regatta benefiting The Children's Clinic, "Serving Children and Their Families," of Long Beach.

Since 2004, the Lessee has leased an approximately 3,500-square-foot parcel of land, including a 300-square-foot building, at 223 Marina Drive (Leased Premises) (Attachment A). On November 19, 2013, the City Council authorized the execution of the Fourth Amendment to Lease No. 30620 (Lease), allowing the Lessee to occupy the Leased Premises through November 30, 2018. In anticipation of the expiration of the Lease term, the Lessee requested an Amended and Restated Lease, and has continued to occupy the Leased Premises on holdover status.

An independent appraisal was conducted and determined the fair market rental value of the Leased Premises to be \$900 per month. In lieu of annual Consumer Price Index adjustments, Lessee will make capital improvements totaling \$30,000 to the Leased Premises during the initial term of five years of the Amended and Restated Lease. Upon exercising and memorializing the First Option to Renew, the Lessee will make an additional \$15,000 in capital improvements, for a total investment of \$45,000 to the Leased Premises.

The Amended and Restated Lease shall contain the following major terms and provisions:

- Lessor: City of Long Beach, a municipal corporation.
- Lessee: Navy Yacht Club - Long Beach, a California nonprofit corporation.
- Leased Premises: Approximately 3,500 square feet of land, including a 300-square-foot building, at 223 Marina Drive.

- Use: The Leased Premises shall be used for the operation of a yacht club office, including meetings and social events.
- Term: The initial term of the Amended and Restated Lease shall be for five years, from December 1, 2018, through November 30, 2023.
- Options to Renew: The Lessee shall have two options to renew for a period of five years each.
- Rent: Effective December 1, 2018, the monthly base rent shall increase from \$873 to \$900.
- Capital Improvements: The Lessee shall make a capital investment of \$30,000 to the clubhouse and related improvements during the initial term of the Lease. If the first option to renew is exercised, the Lessee shall make an additional \$15,000 in improvements, for a total capital improvement investment of \$45,000 to the Leased Premises.
- Maintenance: Lessee shall be responsible for all day-to-day maintenance of the Leased Premises. Lessor shall be responsible for all major repairs to the building and the major components thereof associated with regular use and occupancy of the premises. Any major repairs needed as a result of Lessee negligence will be provided by the Lessee.
- Utilities: Lessee shall be responsible for all costs associated with utilities for the Leased Premises.
- Insurance: Lessee shall provide evidence of insurance coverage, including General Liability, Property, and other coverages as specified, at all times satisfactory to the Lessor.
- Termination: Either party may terminate the Amended and Restated Lease upon 90 days' prior written notification.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on January 9, 2019 and by Budget Management Officer Rhutu Amin Gharib on January 16, 2019.

City Council action is requested on February 5, 2019, to formalize and execute the Amended and Restated Lease in a timely manner.

Annual rental income of \$10,800 shall accrue in the Marina Fund (TF 403) in the Parks, Recreation and Marine Department (PR). There is no local job impact associated with this recommendation.

Approve recommendation.

JOHN KEISLER
DIRECTOR OF ECONOMIC DEVELOPMENT

GERARDO MOUET
DIRECTOR OF PARKS, RECREATION AND MARINE

APPROVED:

PATRICK H. WEST
CITY MANAGER