

C-12

December 8, 2020

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager, or designee, to execute all documents necessary for the First Amendment to Amended and Restated Lease No. 35232 with Navy Yacht Club – Long Beach, a California nonprofit corporation, to amend specific provisions in the Lease to allow for joint use of a newly constructed storage shed on its premises at 223 Marina Drive; and,

Authorize the City Manager, or designee, to execute all documents necessary for the First Amendment to Permit No. 34931 with Little Ships Fleet Yacht Club, a California nonprofit corporation, to amend specific provisions in the Permit and make it coterminous with Lease No. 35232, to allow for the reciprocation of joint use as referenced in the prior recommended action. (District 3)

DISCUSSION

On February 5, 2019, the City Council authorized Amended and Restated Lease No. 35232 (Lease) with Navy Yacht Club – Long Beach, a California nonprofit corporation (Navy Yacht Club), for tenancy of approximately 3,500 square feet of City-owned property located at 223 Marina Drive (Premises) for use as a yacht club for active duty and retired military personnel. On March 13, 2018, City Council authorized Permit No. 34931 with Little Ships Fleet Yacht Club, a California nonprofit corporation (Little Ships Fleet Yacht Club), to use a storage shed within Navy Yacht Club's Premises (Storage Shed). Little Ships Fleet Yacht Club, which defines itself as a low-cost yacht club, does not have a dedicated meeting space or building of its own and instead opts to use area yacht clubs for its meetings, and uses the Storage Shed for its supplies and equipment, which keeps costs down for its members. Although the Storage Shed sits on the Navy Yacht Club Premises, it has been expressly excluded from the Lease and used exclusively by the Little Ships Fleet Yacht Club.

In February 2020, Little Ships Fleet Yacht Club and Navy Yacht Club (collectively, Yacht Clubs) requested the City's consent, as Landlord, to replace the existing Storage Shed with a larger 360-square-foot storage shed (New Shed). The City's Parks, Recreation and Marine Department subsequently consented to the request, and the Yacht Clubs completed the installation of the New Shed on August 31, 2020. The New Shed consists of two rooms, with two separate entrances for each Yacht Club. To help defer the total cost of the New Shed, Little Ships Fleet Yacht Club and Navy Yacht Club shared in the purchase and installation costs. Both Yacht Clubs will operate their respective areas of the New Shed independently from one another, and the Yacht Clubs will share in all future costs and maintenance responsibilities.

To ensure that Little Ships Fleet Yacht Club's use of the New Shed is in parity with the Navy Yacht Club's Lease, its Permit, which expires on March 31, 2023, would need to be made coterminous with the Lease. Therefore, the Permit would need to be extended by eight months, through November 30, 2023, and two five-year renewal options added. Because Little Ships Fleet Yacht Club prepays Annual Rent on April 1st of each Permit Year, a prorated Annual Rent would be due on April 1, 2023, to cover the added eight months on the back end of the Term of the Permit. On December 1, 2023, and every December 1st after that, Little Ships Fleet Yacht Club would pay the then-current Annual Rent for the proceeding 12 months. Also, the exclusion of the Storage Shed from the Navy Yacht Club's Premises would need to be amended, along with the Utilities and Maintenance sections of the Lease to reflect Navy Yacht Club's use of the New Shed. Therefore, to provide for the New Shed's joint use by the Yacht Clubs, the Lease and Permit would need to be amended and First Amendments executed for both.

The proposed First Amendment to the Lease will contain the following significant terms and provisions:

- Lessor: City of Long Beach, a municipal corporation.
- Lessee: Navy Yacht Club – Long Beach, a California nonprofit corporation.
- Amended Premises: In addition to its existing Premises, Navy Yacht Club will use approximately 144 square feet of the New Shed on its Premises.
- Amended Maintenance: Navy Yacht Club will be responsible for maintaining its portion of the New Shed.
- Amended Utilities: Navy Yacht Club will provide electrical and water service to the New Shed.

The proposed First Amendment to the Permit will contain the following significant terms and provisions:

- Permitter: City of Long Beach, a municipal corporation.
- Permittee: Little Ships Fleet Yacht Club, a California nonprofit corporation.
- Amended Term: The Term of the Permit will be extended by eight months, through November 30, 2023, to make the Permit coterminous to the Lease.
- Renewal Periods: The Permit may be extended for two, five-year renewal periods, at the discretion of the City Manager.
- Amended Rent: For the remainder of the Initial Term, Annual Rent will be subject to annual rent adjustments and will continue to be due on April 1st of each Permit year. On April 1, 2023, to account for the eight months added onto the end of the Initial Term, the Permittee will remit a prorated Annual Rent. On December 1, 2023, and every December 1st after that, Permittee will remit the then-current Annual Rent without proration for the immediately proceeding 12-month period.

- Amended Annual Rent Adjustments: Rent adjustments will occur every April 1st, as stipulated in the Permit, for the remainder of the Initial Term. On December 1, 2023, and every December 1st after that, Annual Rent will be adjusted by the year-to-year percent change in the Consumer Price index (CPI) from October to October.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on November 12, 2020 and by Budget Management Officer Rhutu Amin Gharib on November 15, 2020.

TIMING CONSIDERATIONS

City Council action is requested on December 8, 2020, to allow the Yacht Clubs to begin using their respective portions of the New Shed.

FISCAL IMPACT

Current rents of \$900 per month from Navy Yacht Club and \$488 per month from Little Ships Fleet Yacht Club will continue to accrue to the Tidelands Area Fund Group in the Parks, Recreation and Marine Department. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN KEISLER
DIRECTOR OF ECONOMIC DEVELOPMENT



BRENT DENNIS
DIRECTOR OF PARKS,
RECREATION AND MARINE

APPROVED:



THOMAS B. MODICA
CITY MANAGER