



Legislation Text

File #: 12-0062, **Version:** 1

Recommendation to authorize City Manager to amend and extend the Key Tenant Loan with Marina Pacifica, LLC, allowing for a 10-year extension without additional loan funding. (District 3)

Approval is recommended to amend and extend an existing Key Tenant Loan (Loan) with Marina Pacifica, LLC (Marina Pacifica). The existing 15-year Loan, which went into effect in the first calendar quarter of 1997, expired on January 1, 2012. Marina Pacifica is requesting that the City grant an extension of 10 years to amortize the original loan amount of \$750,000. No additional loan funds will be dispersed with this extension. The Loan extension is contingent upon Marina Pacifica maintaining a suitable retail tenant, generating retail sales tax, as a tenant at 6274 East Pacific Coast Highway. Marina Pacifica's failure to maintain such a tenant shall constitute a Loan default and trigger repayment of the Loan.

On April 8, 1997, the City Council authorized a 15-year Sales Tax Incentive Agreement and a Key Tenant Loan to provide financial assistance for capital improvements to rebuild Marina Pacifica. The Loan was funded through Community Development Block Grant (CDBG) funds. Marina Pacifica is fully compliant with the terms of the loan.

Marina Pacifica is requesting the City's assistance, through an extension of the terms of the loan, to partially offset the economic impacts of this protracted recessionary period and increased cost to maintain an attractive and viable retail center. The City's extension of the terms of the Loan will assist in enhancing the overall business at Marina Pacifica, and maintaining sales tax revenue.

The City has made Key Tenant Loans to retailers to promote additional retail opportunities and to generate additional sales tax revenue. A Key Tenant Loan provides that, in lieu of making monthly principal and interest payments, the borrower will continue to operate the business at a specified location in Long Beach for the term of the loan. If the premises are vacated before the term expires, the borrower owes the amortized balance. If the borrower operates the business for the term of the loan, the principal and interest shall be forgiven. The City recognizes that having the premises occupied and maintaining a retailer in operation provides substantial public benefit, including job retention or creation, and prevents the loss of and/or creates more sales tax revenue for the General Fund.

As a strategic tool, the Loan has been used successfully at Marina Pacific. The Loan was used to assist in rebuilding a distressed shopping center, protecting it during a period of economic challenge for its primary retailers, and to attract theaters, retailers and restaurants. Major tenants include AMC Theaters, Ralphs, Best Buy, Sports Authority, Pier 1 Imports, Loehmann's, Acapulco and Tantalum. For calendar 2010, sales tax revenue generated by the Center was \$568,294.

This item was reviewed by Deputy City Attorney Richard F. Anthony and Budget Management Officer Victoria Bell on January 12, 2012.

City Council action is requested on January 24, 2012 to expedite the extension of the Loan terms to Marina Pacifica.

The proposed term extension will have no fiscal impact to the City and will result in a positive impact on local jobs.

Approve recommendation.

REGINALD HARRISON
DEPUTY CITY MANAGER

PATRICK H. WEST
CITY MANAGER