



Legislation Text

File #: 12-0357, **Version:** 1

Recommendation to authorize City Manager to execute all documents necessary for the Second Amendment to Lease No. 28350 between the City of Long Beach and The Bolder Group, Inc., a California corporation, for the continued operation of the City-owned facilities known as the Alamitos Bay Marina Fuel Dock and the Shoreline Marina Fuel Dock. (Districts 2,3)

The Bolder Group, Inc. (Bolder), leases two marine fuel docks from the City under separate agreements. Bolder seeks to extend their leases and staff seeks to consolidate them under the Alamitos Bay Marina Fuel Dock (ABMFD) lease.

On April 6, 1999, the City Council authorized the execution of Lease No. 26498 with Bolder for the operation of the Shoreline Marina Fuel Dock (SMFD), formerly known as the Downtown Marina Fuel Dock, for an approximate 10-year period, with an option to extend the term for an additional five years. Primarily used for the sale of fuel, SMFD also offers a chandlery (a marine motor craft store for the sale of food, beverages and marine motor craft goods and supplies). Lease No. 26498 terminated on April 30, 2009, and Bolder remained in possession of SMFD on a month-to-month basis while the City commenced the permitting and contracting processes for the replacement of the fuel tanks. In late summer 2010, SMFD was closed for mandated upgrades, Bolder vacated the site and the City commenced the fuel tank replacement project. Bolder now seeks City Council approval for a new agreement for the continued operation of the site. SMFD is tentatively scheduled to reopen in mid-June 2012 in time for the summer boating season.

On February 25, 2003, the City Council authorized the execution of Lease No. 28350 with Bolder for the operation of ABMFD for an initial period of six years. On August 11, 2009, the City Council authorized the execution of the First Amendment to Lease No. 28350 to further extend the term through September 30, 2014. In addition to the sale of gasoline and diesel fuel, ABMFD also offers marine motor craft services including fuel tank cleaning, fuel tank polishing, fuel tank replacements, salvage and recovery, and towing services. Bolder has also made its services available to assist with City emergencies, such as vessel fuel leaks and fueling and recovery of abandoned and impounded vessels. Bolder also manages the Long Beach Oil Absorbent Exchange Center (Center) at ABMFD.

City staff is nearing completion of the replacement of the fuel tanks at SMFD and closure of the fueling facility at ABMFD is anticipated in fall 2012, after the summer boating season. Both facilities should be fully operational in early 2013.

In an effort to maintain lease consistency and operational continuity with Bolder's management and oversight of the City's fuel docks, staff recommends the consolidation of the operation of both fuel docks under the existing Lease for ABMFD. The proposed Second Amendment to Lease No. 28350 would contain the following major terms and provisions:

- Landlord: City of Long Beach.

- Tenant: The Bolder Group, Inc., a California corporation.
- Leased Premises: In addition to the Alamitos Bay Marina Fuel Dock, the Leased Premises shall also include the Shoreline Marina Fuel Dock.
- Lease Term: The term of the Lease shall be extended for an additional fifteen (15) months and shall terminate on December 31, 2015 in order to accommodate Bolder for lost operational time due to the fuel tank replacement projects. At that time, staff will seek proposals to operate the facilities through a Request for Proposal process.
- Minimum Monthly Rent: Subject to periodic rent adjustments over the term of the Lease, the current minimum monthly rent for the facilities shall remain unchanged and shall be \$1,765.13 for the ABMFD and \$458.34 for the SMFD. The next rent adjustment to the minimum monthly rent shall be effective October 1, 2013 and shall be 1/12th of 75 percent of the average annual total rent over the most recent five years of operation. In no event shall the minimum monthly rent decrease as a result of the rent adjustment.
- Percentage Rent: There shall be no change to Percentage Rent. The City shall continue to receive, on a monthly basis, the amount in excess of minimum rent from the sales of the following categories: \$0.03 per gallon of gasoline, \$0.015 per gallon of diesel and 7.5 percent of gross receipts of all other products and services.
- Maintenance and Repair: As a result of the fuel tank replacement projects, additional requirements will be included regarding maintenance and repair of the Leased Premises. The additional requirements will further clarify which maintenance and repair items are a Tenant responsibility and which are a Landlord responsibility.
- Miscellaneous: Provisions specific to the SMFD will be included, such as impacts from the Los Angeles River, parking at Shoreline Village and operations during special events such as the Fourth of July and the Grand Prix.

All other remaining terms and provisions of Lease No. 28350 shall remain in full force and effect.

This matter was reviewed by Deputy City Attorney Gary J. Anderson on March 12, 2012 and Budget Management Officer Victoria Bell on March 23, 2012.

City Council action is requested on May 8, 2012, in order to execute the Second Amendment in a timely fashion and formalize Tenant's re-occupancy of SMFD in preparation for the upcoming summer boating season.

The reopening of SMFD will result in annual minimum revenue of \$5,500, in addition to \$21,182 from ABMFD, for a total annual minimum of \$26,682. Anticipated total annual percentage rent revenue is \$11,000, comprised of approximately \$10,000 from ABMFD and \$1,000 from SMFD. Revenue will continue to accrue in the Marina Fund (TF 403) in the Department of Parks, Recreation and Marine (PR). There is no impact to the General Fund and no known local job impact associated with the recommended action.

Approve recommendation.

MICHAEL P. CONWAY
DIRECTOR OF PUBLIC WORKS

GEORGE CHAPJIAN
DIRECTOR OF PARKS, RECREATION AND MARINE

APPROVED:

PATRICK H. WEST
CITY MANAGER