



Legislation Text

File #: 22-0544, Version: 1

Recommendation to authorize City Manager, or designee, to execute all documents necessary for the Sixth Amendment to Lease No. 23509 with Bancap Marina Center, Inc., a California corporation (Lessee), for a three-year extension for the continued lease of City-owned property at 241-255 Marina Drive. (District 3)

On February 1, 1994, the City Council authorized the execution of Master Lease No. 23509 (Master Lease) between the City of Long Beach (Lessor) and Bancap Marina Center, Inc. (Lessee), for the remodeling, renovation, and management of City-owned property and improvements at the Alamitos Bay Marina Center (ABMC) located at 241-255 Marina Drive (Attachment - Site Map). ABMC is currently occupied by the following subtenants: Galati Yacht Sales (boat broker), Alan Andrews Yacht Design (custom yacht design), West Marine Products (marine retail sales), Scuba Duba (boat hull cleaning and maintenance service), Schooner or Later (restaurant), and the Seal Beach Yacht Club (social club). The Master Lease expires on June 30, 2022.

City staff anticipates adjustments to the local real estate market due to current and upcoming developments within the area, including the 2nd & PCH project that consists of over 200,000 square feet of contemporary retail and dining experiences. As the subtenants have been operating successfully at ABMC under the current Lease, and a Lease extension would allow the Lessee to extend the subtenant leases, City staff propose a limited three-year Lease extension. The shorter Lease term extension will allow the City and Lessee an opportunity to reassess the impact of these developments and evaluate future development opportunities for the site.

To allow for the continued operation of ABMC and the opportunity for the City to reevaluate the lease in three years, a proposed Sixth Amendment to Master Lease No. 23509 has been negotiated containing the following major terms and provisions:

- Lessor: City of Long Beach, a municipal corporation.
- Lessee: Bancap Marina Center, Inc., a California corporation.
- Leased Premises: Approximately 1.57 acres of land area and 27,344 square feet of building area at 241-255 Marina Drive, commonly known as Alamitos Bay Marina Center.
- Term: Extend the termination date from June 30, 2022, to June 30, 2025.
- Rent: The base rent shall remain \$453,636 per year, or \$37,803 per month, and

percentage rent shall remain 70 percent of Net Operating Income generated from ABMC's cash flow.

All remaining terms and provisions of Master Lease No. 23509 will remain in full force and effect.

This matter was reviewed by Principal Deputy City Attorney Richard F. Anthony on April 26, 2022 and by Budget Operations and Development Officer Rhutu Amin Gharib on April 28, 2022.

City Council action is requested on May 17, 2022, to finalize and execute the Sixth Amendment in a timely manner.

This recommendation will result in continued annual revenues of approximately \$453,636 in base revenue and a percentage rent of 70 percent of Net Operating Income generated from ABMC's cash flow. Rental revenue from the Master Lease will continue to accrue in the Tidelands Area Fund Group in the Economic Development Department. This recommendation has minimal 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.

[Enter Body Here]

JOHNNY VALLEJO
ACTING DIRECTOR OF
ECONOMIC DEVELOPMENT

APPROVED:

THOMAS B. MODICA
CITY MANAGER