



To enrich lives through effective and caring service



September 7, 2004

Stan Wisniewski
Director

Kerry Gottlieb
Chief Deputy

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

AUTHORIZE THE CHIEF ADMINISTRATIVE OFFICER AND DIRECTOR OF THE DEPARTMENT OF BEACHES AND HARBORS TO ENTER INTO EXCLUSIVE NEGOTIATIONS FOR THE LONG TERM GROUND LEASE AND DEVELOPMENT OF PARCEL 83S IN MARINA DEL REY (4th DISTRICT) (3 VOTES)

JOINT RECOMMENDATION WITH THE CHIEF ADMINISTRATIVE OFFICER THAT YOUR BOARD:

Authorize the Chief Administrative Officer ("CAO") and Director of the Department of Beaches and Harbors ("Director") to proceed with exclusive negotiations with Caruso Affiliated Holdings, LLC for the ground lease of Parcel 83S (the addition of Parcel 83S to the Parcel 50T ground lease) that would enable the conversion of retail space to restaurant use on the adjacent Parcel 50T project, the Waterside Shopping Center.

PURPOSE AND JUSTIFICATION OF RECOMMENDED ACTION

Pursuant to your Board's authorization, the Department issued its *Request for Proposals for Development of Parcel 83S in Marina del Rey* ("RFP"). The RFP solicited proposals for visitor-serving uses from parties interested in development of new improvements on Parcel 83S, located on the northeast corner of Admiralty Way and Fiji Way, on a stand-alone basis, or alternatively, development through aggregation with an existing leasehold adjacent to or near the subject parcel. One proposal was received in response to the RFP and was considered by an evaluation committee appointed by the Director. Approval of this item by your Board would authorize the CAO and Director to proceed with exclusive negotiations with the neighboring lessee for the ground lease of Parcel 83S (the addition of Parcel 83S to the Parcel 50T ground lease).

Implementation of Strategic Plan Goals

This recommendation is consistent with the County's Strategic Plan Goals of Fiscal Responsibility and Service Excellence in that the resulting lease would provide the County with a new stream of revenue and eliminate a recurring annual maintenance expense. Furthermore, the proposed conversion of retail space to restaurant use would provide an increased level of service to Marina visitors in furtherance of the goals of the Board-adopted *Marina del Rey Asset Management Strategy*.

FISCAL IMPACT/FINANCING

County-owned Parcel 83S currently contains a limited amount of non-public parking, a park bench, a concrete island, and minimal landscaping, and does not provide any income to the County. Assuming a new lease with rents at prevailing market levels, the current proposal offers the prospects for improved lease revenue on the combined parcels.

In addition to the realization of income from the subject parcel, the County's maintenance costs, which are estimated to be approximately \$27,000 annually, would be eliminated.

It is contemplated that the County will expend funds on economic and legal consultants associated with negotiations for a lease on this parcel.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

One proposal was received and reviewed by an evaluation committee appointed by the Director. The committee was composed of the County's Chief Negotiator for Marina del Rey, one of the Department's Economic Advisors, a Principal Analyst from the County's Chief Administrative Office, and an Architectural Engineer from the County's Department of Public Works. The committee has recommended proceeding with exclusive negotiations on condition that the County secure minimum rent and a more significant landscaping program for the parcel.

The proposal seeks to add Parcel 83S to the Parcel 50T (Waterside Shopping Center) leasehold and improve Parcel 83S with additional parking for the combined leasehold, additional landscaping elements, an 8-foot wide sidewalk and County monument signage. The additional parking capacity provided by the addition of Parcel 83S to the Waterside Shopping Center project is contemplated to enable the conversion of approximately 4,000 square feet of retail space on Parcel 50T to restaurant use.

The Small Craft Harbor Commission, at its meeting held on August 11, 2004, did not have a quorum and could not vote on the matter. However, the two Commissioners who were present both endorsed the Director's recommendation that your Board authorize the CAO and the Director to proceed with exclusive negotiations.

ENVIRONMENTAL DOCUMENTATION

Entitlements for the proposed parking and landscaping improvements are largely ministerial, and it is not anticipated that a coastal development permit will be required. Nevertheless, the proposed construction will be contingent upon completion of the land use entitlement and/or environmental review process and the issuance of any necessary governmental permits. Execution of any lease approved by your Board as a result of the exclusive negotiations recommended by this letter will be contingent upon the successful completion of that process.

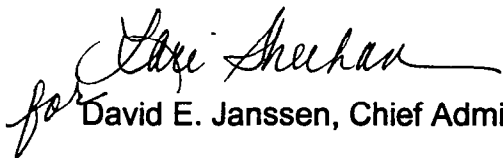
IMPACT ON CURRENT SERVICES OR PROJECTS

County-owned Parcel 83S currently serves as a permit-only, non-public parking lot. These non-public County parking spaces will be replaced with parking spaces serving the additional Marina visitors that are expected as a result of the planned improvements.

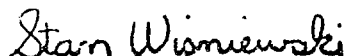
CONCLUSION

Authorize the CAO and Director to proceed with exclusive negotiations for a long term ground lease to develop Parcel 83S, Marina del Rey, as herein described, and forward one adopted copy of this Board letter to the Department of Beaches and Harbors.

Respectfully submitted,



David E. Janssen, Chief Administrative Officer



Stan Wisniewski, Director
Department of Beaches and Harbors

DEJ/SW:tm

c: County Counsel