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Caring for Your Coast

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Gary Jones
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Deputy Director

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Deputy Director

March 19, 2019

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:

**CONSENT TO ASSIGNMENT OF LEASE NO. 11525 THE MARINA PROFESSIONAL BUILDING
(PARCEL 75W AT 4560 ADMIRALTY WAY); ASSIGNMENT OF LEASE NO. 12157
THE MARINA PROFESSIONAL BUILDING PARKING LOT (PARCEL 94R AT 4560 ADMIRALTY
WAY)
MARINA DEL REY
(FOURTH DISTRICT) (4 VOTES)**

SUBJECT

This Board letter requests the Board's consent to the proposed assignment of Lease Agreement No. 11525 for Parcel 75W and Lease Agreement No. 12157 for Parcel 94R in Marina del Rey from the current lessee DEL REY PROFESSIONAL ASSOCIATION, a general partnership, to ADMIRALTY CAPITAL PARTNERS, LLC, a California limited liability company, PCH ADMIRALTY, LLC, a California limited liability company, and A&M PARTNERSHIP, LLC, a California limited liability company, as tenants in common, under the respective leasehold purchase and sale agreements between the parties.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the proposed actions are exempt from the California Environmental Quality Act (CEQA) because such actions do not constitute a project pursuant to Section 15378 of the CEQA Guidelines.
2. Consent to the proposed assignment of the Parcel 75W Lease to ADMIRALTY CAPITAL PARTNERS, LLC, PCH ADMIRALTY, LLC, and A&M PARTNERSHIP, LLC as tenants in common.
3. Consent to the proposed assignment of the Parcel 94R Lease to ADMIRALTY CAPITAL

PARTNERS, LLC, PCH ADMIRALTY, LLC, and A&M PARTNERSHIP, LLC as tenants in common.

4. Authorize the Director of Beaches and Harbors to execute any consents, estoppels, or other related documentation necessary to effectuate the assignment of the Parcel 75W Lease.

5. Authorize the Director of Beaches and Harbors to execute any consents, estoppels, or other related documentation necessary to effectuate the assignment of the Parcel 94R Lease.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Del Rey Professional Association, a general partnership (Lessee), is currently the Lessee of the Marina Professional Building (Parcel 75W), and its adjacent parking lot (Parcel 94R). The existing lease for Parcel 75W will expire August 31, 2026, and the existing lease for Parcel 94R will expire May 31, 2027. The current improvements on Parcel 75W include a medical office and pharmacy building and the current improvements on Parcel 94 consist of a parking lot. Both Parcels 75W and 94R have frontage on Admiralty Way and are located at the intersection of Admiralty Way and Bali Way near Yvonne B. Burke Park (see attached map).

The Lessee has requested County's consent to assign its leasehold interest in Parcels 75W and 94R (Parcels) to ADMIRALTY CAPITAL PARTNERS, LLC, a California limited liability company, PCH ADMIRALTY, LLC, a California limited liability company, and A&M PARTNERSHIP, LLC, a California limited liability company as tenants in common (collectively, Assignee), for a fixed price of \$5 million. Del Rey Professional Association will receive the above-mentioned payment of \$5 million.

Per the terms of the Lease Agreements for the Parcels (collectively, Leases), the Lessee must obtain the County's consent to the proposed assignment of the Leases, which consent may not be unreasonably withheld.

Pursuant to Department of Beaches and Harbors Department Policy Statement No. 23 – Assignments of Lease dated January 16, 1974, the County's decision whether to approve the proposed assignment shall be based on the following: a) the financial condition of the proposed assignee; b) the price to be paid for the leasehold as it relates to the development or potential development thereon; and c) the management of the leasehold by the proposed assignee being in the best interest of the whole Marina.

Department staff has reviewed the proposed assignment and concluded: a) the proposed Assignee's financial condition is sufficient; b) the proposed combined sales price of \$5 million for Lessee's interest in the Leases appears to be justified based on the present income generated by the current uses on the respective parcels; and c) the proposed assignee's property management company, PACIFIC OCEAN MANAGEMENT, LLC, has the requisite experience as it already manages and operates five other County-owned parcels within Marina del Rey.

The terms of the proposed assignment were negotiated by the current Lessee and the Assignee without any involvement by the Department of Beaches and Harbors. The scope of the Department's review and evaluation of the proposed assignment was limited to the value of the remaining lease term for Parcel 75W and Parcel 94R, without assuming any grant of extension.

Implementation of Strategic Plan Goals

The recommended actions maximize the use of County assets, guide strategic investments, and support economic development, in ways that are fiscally responsible and align with the County's highest priority needs, all of which promote Strategic Plan Goal No. III.3.2 (Manage and Maximize County Assets).

FISCAL IMPACT/FINANCING

The proposed actions will have no direct fiscal impact on the County, as the proposed transfers do not trigger any contractual obligations for the Lessee to pay a participation or other fee to County.

Upon your Board's approval of consent to the proposed assignment of Lease Agreements, Department of Beaches and Harbors does not anticipate any impact on the operating budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Department staff, in consultation with County Counsel and outside counsel, have reviewed the Leases and proposed assignment agreement and related documents and have determined that the County has no reasonable basis on which to withhold its consent to the proposed assignment. No participation fee is due to the County under the terms of the Leases.

Leasing of the County's Marina del Rey real property is authorized by Government Code sections 25907 and 25536, and the proposed assignment is permitted by the Leases.

At its February 13, 2019 meeting, the Small Craft Harbor Commission unanimously endorsed the Director's recommendation that your Board consent to the assignment of the leases for Parcel 75W and Parcel 94R.

ENVIRONMENTAL DOCUMENTATION

The proposed County consent to assignment is exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15378(b)(5) of the CEQA Guidelines, as the proposed consent to lease assignment is an administrative activity of government that will not result in direct or indirect physical changes in the environment.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There is no impact on current services or projects.

CONCLUSION

It is recommended that your Board approve the proposed consent to assignment of the Parcel 75W and Parcel 94R Leases.

Please instruct the Executive Officer of the Board to send an adopted-stamped copy of this letter to the Department of Beaches and Harbors, retaining a copy for your records. Should you have any questions please contact Phyllis Bordenave-Priestley at (424) 526-7739 or PBordenave-

The Honorable Board of Supervisors

3/19/2019

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Priestley@bh.lacounty.gov.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "G. Jones", with a stylized, looping initial "G".

GARY JONES

Director

GJ:AC:SP:SVG:NR:pbp

c: Chief Executive Officer
County Counsel
Executive Officer, Board of Supervisors