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Caring for Your Coast

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Gary Jones
Director

Kerry Silverstrom
Chief Deputy

John Kelly
Deputy Director

Amy M. Caves
Deputy Director

September 17, 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:

**APPROVAL OF AMENDMENT NO.10 TO LEASE NO. 6001
MARINA PROPERTIES, LLC (PARCEL 22R) – MARINA DEL REY
(FOURTH DISTRICT) (4 VOTES)**

SUBJECT

Request for approval of a lease amendment for Marina del Rey Parcel 22R to extend the lease term by five years.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the proposed Amendment No. 10 to Lease No. 6001 is categorically exempt under the California Environmental Quality Act pursuant to Class 1(r) of the Environmental Document Reporting Procedures and Guidelines adopted by your Board, and Section 15301 of the State of California Environmental Quality Act Guidelines (Existing Facilities).
2. Approve and authorize the Chair of the Board to sign the attached Amendment No. 10 to Lease No. 6001 pertaining to the extension of the lease term.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Parcel 22R is located at 4140 Via Marina in Marina del Rey. The lease between County and Marina Properties, LLC (Lessee) dated August 16, 1962 (Lease) provided for a 60 year term. Currently, the leased premises is improved with a 23-room hotel (The Foghorn Inn), a dry cleaner, a liquor store, and the Cheesecake Factory Restaurant.

The current Lease term is set to expire on May 31, 2022. The proposed Amendment No. 10 would extend the term by five years to May 31, 2027.

Lessee has expressed an interest in negotiating a Lease term extension of up to thirty-nine years, which would bring the term to 99 years, the full amount allowed under California law. Extending the Lease term to May 31, 2027 will provide County time to consider future redevelopment of Parcel 22R in conjunction with its neighboring properties to help realize Marina del Rey's Vision Statement adopted by your Board in October 2014.

Implementation of Strategic Plan Goals

In furtherance of County Goal #3, "Realize Tomorrow's Government Today," Strategy III.3.1, "Maximize Revenue," the proposed extension of the Lease term will allow the Lessee to continue the operations of the Foghorn Inn, as well as its sublessees The Cheesecake Factory, Marina Liquor Mart, and New Marina Cleaners. It will also support Strategy III.3.2, "Manage and Maximize County Assets," by allowing the County sufficient time to consider its long term redevelopment plans for the area.

FISCAL IMPACT/FINANCING

Upon your Board's approval of the proposed Amendment No. 10 to Lease No. 6001, the Department does not anticipate any impact on the operating budget. The minimum rent was last adjusted on June 1, 2018, and will continue to be adjusted every three years, in 2021 and 2024 to an amount equaling 75% of the average annual rent payable to the County over the prior three years. The County rent is computed as the greater of either the fixed minimum rent or the total of varying percentages of the lessee's gross receipts, so as the lessee generates more revenue, the County generates more rent.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Leases of County-owned property in Marina del Rey are authorized by Government Codes 25536 and 25907.

The proposed Amendment No. 10 to Lease No. 6001 has been approved as to form by County Counsel. At its meeting of June 12, 2019, the Small Craft Harbor Commission unanimously endorsed the Director's recommendation that your Board approve and execute the proposed Amendment No. 10.

ENVIRONMENTAL DOCUMENTATION

Approval of the recommended actions is categorically exempt under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15301 and Class 1(r) of the County's Environmental Document Reporting Procedures and Guidelines (Existing Facilities). Approval does not authorize construction or reconstruction of any improvements on the property and will not result in any expansion of existing use of the property.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The Honorable Board of Supervisors

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Approval of the proposed Amendment No. 10 to Lease No. 6001 will not significantly impact County services or projects.

CONCLUSION

Please have the Chair sign all three copies of the Amendment No. 10 to Lease No. 6001 and have the Executive Officer of the Board return two executed copies, as well as a copy of the adopted Board letter, to the Department of Beaches and Harbors. Should you have any questions, please contact Kristal Ghil at (424) 526-7735 or kghil@bh.lacounty.gov.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Gary Jones", with a stylized, cursive script.

GARY JONES

Director

GJ:kg

Enclosures

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

**AMENDMENT NO. 10 TO LEASE AGREEMENT
PARCEL 22R – MARINA DEL REY
(LEASE NO. 6001)**

THIS AMENDMENT TO LEASE ("Amendment No. 10" or "Amendment") is made and entered into this _____ day of _____, 2019 (the "Effective Date").

BY AND BETWEEN

**COUNTY OF LOS ANGELES,
hereinafter referred to as "County,"**

AND

**MARINA PROPERTIES, LLC, a California
Limited Liability Company, hereinafter
referred to as "Lessee."**

RECITALS:

WHEREAS, on August 16, 1962, County and Lessee's predecessor in interest entered into Lease No. 6001 (the "Lease") under the terms of which County leased to Lessee's predecessor in interest that certain real property located in the Marina del Rey Small Craft Harbor, County of Los Angeles, State of California, now commonly known as Parcel 22R (the "Premises"), which Premises are more particularly and legally described in Exhibit "A" attached to and incorporated in the Lease; and

WHEREAS, Section 2 of the Lease provides that the term of this lease shall be sixty (60) years, commencing upon the first day of June, 1962;

WHEREAS, the parties hereto agree to extend the term of the Lease for five (5) years to allow the parties sufficient time to conduct due diligence with respect to the future development of the premises;

NOW, THEREFORE, in consideration of the foregoing recitals, which are hereby deemed a contractual part hereof, and the mutual agreements, covenants and restrictions contained herein, the parties agree as follows:

1. **Term.** Commencing as of the Effective Date, Section 2 of the Lease is deleted in its entirety and replaced with the following:

The term of this lease shall be sixty-five (65) years, commencing upon the first day of June, 1962, and terminating on May 31, 2027.

2. **Counterparts.** This Amendment may be signed in counterparts. Each counterpart represents an original of this Amendment and all such counterparts shall collectively constitute one fully-executed document.

IN WITNESS WHEREOF, County and Lessee have entered into this Amendment No. 10 as of the date first set forth above.

MARINA PROPERTIES, LLC, a California Limited Liability Company

By: Charles E. McGuire
Name: CHARLES E. MCGUIRE
Title: PARTNER

THE COUNTY OF LOS ANGELES

By: _____
JANICE HAHN,
Chair, Board of Supervisors

ATTEST:

CELIA ZAVALA,
Executive Officer of the Board of Supervisors

By: _____
Deputy

APPROVED AS TO FORM:

MARY C. WICKHAM
County Counsel

By: Mary C. Wickham
Deputy