



Caring for Our Coast



Gary Jones
Director

Kerry Silverstrom
Chief Deputy

Amy M. Caves
Deputy Director

December 31, 2020

TO: Each Supervisor

FROM: Gary Jones, Director 

SUBJECT: **ECONOMIC RELIEF FOR MARINA DEL REY LESSEES AND BEACH CONTRACTORS – REPORT BACK**

SUMMARY

On April 14, 2020, your Board delegated authority to the Director of the Department of Beaches and Harbors (DBH) to implement certain economic relief measures to assist the County's lessees in Marina del Rey (Marina Lessees) in dealing with pandemic-related economic impacts. On September 29, 2020, pursuant to staff recommendations, your Board instructed the Director of the Department of Beaches and Harbors to report back on the items enumerated below no later than December 31, 2020.

STATUS

1. Allow Marina Lessees that demonstrate COVID-related economic impacts to defer rent pursuant to the Countywide eviction moratorium and certain flexibility in the use of reserve funds collected pursuant to their leases.

Update: On April 1, 2020 DBH informed all Marina Lessees of the economic relief measures available to them. Marina Lessees seeking economic relief were requested to complete a DBH questionnaire and provide documents evidencing how COVID-19 has impacted their business. DBH staff, working with DBH's economic consultant, reviewed the gross receipt numbers for the Marina Lessees and determined that the Hospitality Lessees (as defined below) have been the most severely impacted to date by the COVID-19 pandemic and related business shutdowns.

ITEM COMPLETE.

2. Allow Marina Lessees who operate hotels or restaurants pursuant to direct ground leases with the County (Hospitality Lessees), that demonstrate COVID-related economic impacts, to waive minimum rent and continue paying percentage rent only.



Update: As of November 2020, Hospitality Lessees have deferred \$1.2 million of County owed minimum rent. As of December 2, 2020, staff has received gross receipt reports from nine of eleven Hospitality Lessee. Five of the 11 Hospitality Lessees have submitted their gross receipts supporting their need for minimum rent waivers for the period commencing April 1, 2020 to the present. One of the 11 Hospitality Lessees has submitted gross receipts supporting its need for a minimum rent waiver for a period of three months. Three of the 11 Hospitality Lessees have paid their minimum rent and percentage rent since reopening in July 2020. Staff is working with the remaining two of the 11 Hospitality Lessees to submit their gross receipt reports in order to assess their financial positions.

ITEM IN PROGRESS.

3. Waive all payments of County rent owed by operators of County beach concessions who provide satisfactory documentation to DBH of COVID-related economic impacts.

Update: Staff is working with beach concessionaires to gather supporting documents evidencing the financial impacts of COVID-19 on their respective businesses. As of December 2, 2020, eight concessionaires are requesting rent relief, and five concessionaires have submitted the requested documents. Subject to receipt of adequate documentation, DBH's Director is considering waiving almost \$388,000 in County-owned rent for beach concessionaires. Staff renegotiated the Gladstone's concession agreement to eliminate minimum rent payments as of June 1, 2020 through October 31, 2021, and allow the concessionaire to repay April 2020 and May 2020 minimum rent over the course of 29 months, in order to avoid the restaurant closing permanently.

ITEM IN PROGRESS.

4. Monitor the economic situations of Marina Lessees and beach concessionaires and recommend additional economic relief measures, if appropriate.

Update: No additional economic relief measures recommended at this time. DBH staff and DBH's economic consultant continue to evaluate the situation, which is fluid, and plan to return to your Board in early 2021 with additional recommendations for economic relief, if appropriate.

Please feel free to contact me with any questions or concerns.

GJ:AC:ibp

c: Marina Board Deputies
Executive Office, Board of Supervisors
Chief Executive Office
County Counsel