Recommendation: Approve and instruct the Chairman to sign an amendment to the lease for Parcel 104R, Del Rey Shores Personal Warehouses, located at 4201 Via Marina, in Marina Del Rey (4), to maintain all existing percentage rental rates, adjusting of security deposit, updating the insurance provision for a ten-year term ending March 14, 2020, and adding a provision to safeguard minimum rent against future downward adjustments; and find that the lease is exempt from the California Environmental Quality Act. (Department of Beaches and Harbors) 4-VOTES (12-3455)

Jon Nahhas and Daniel Gottlieb addressed the Board.

On motion of Supervisor Ridley-Thomas, seconded by Supervisor Knabe, this item was approved as amended.

Ayes: 4 - Supervisor Ridley-Thomas, Supervisor Knabe, Supervisor Antonovich and Supervisor Yaroslavsky

Absent: 1 - Supervisor Molina

Attachments: Board Letter Video Audio

Agreement No. 14766, Supplement 6

The foregoing is a fair statement of the proceedings of the meeting held August 7, 2012, by the Board of Supervisors of the County of Los Angeles and ex officio the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.

Sachi A. Hamai, Executive Officer Executive Officer-Clerk of the Board of Supervisors
ATTEST: SACHI A. HAMAI
EXECUTIVE OFFICER
CLERK OF THE BOARD OF SUPERVISORS

By [Signature]

Sachi A. Hamai
Executive Officer
August 7, 2012

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

Dear Supervisors:

SUBJECT

This Board letter requests approval of a Marina del Rey lease amendment for Parcel 104R (Del Rey Shores Personal Warehouses) that maintains all existing percentage rental rates and the square foot rental, adjusts the rental security deposit, and updates the insurance provisions.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the proposed lease Amendment No. 6 is categorically exempt under the California Environmental Quality Act pursuant to class 1(r) of the County's Environmental Document Reporting Procedures and Guidelines and Section 15301 of the State CEQA Guidelines.

2. Approve and authorize the Chairman to sign the attached Amendment No. 6 to Lease No. 14766, pertaining to maintaining all existing percentage rental rates, adjusting of security deposit, updating the insurance provision for a ten-year term ending March 14, 2020, and adding a provision to safeguard minimum rent against future downward adjustments.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Marina del Rey leases generally provide for the periodic review of leasehold rents and liability insurance coverage to ensure that the rental rates payable to the County are maintained at current fair market levels and that the amount of general liability
insurance is adequate to protect the County’s interests. County rents are typically computed as the greater of either a fixed minimum rent or the total of varying percentages of the lessee’s gross receipts from users on the leasehold.

The Parcel 104R lease requires adjustment of rents on March 14, 2010 (2010 Rental Adjustment Date). Based on comparable rates at other Marina del Rey leaseholds, the Department of Beaches and Harbors has negotiated with the lessee to keep all percentage rental rates at their current levels: Dry Storage at 20% and Miscellaneous Sales at 5%. The lease also provides that the annual minimum rent shall be adjusted on March 14, 2012 to an amount equal to 75% of the annual average of all rents payable by lessee for the immediately preceding three-year period. Following this adjustment, lessee has agreed, and proposed Amendment No. 6 provides, that future adjustments shall increase the annual minimum rent or maintain it at the then-current amount.

Proposed Amendment No. 6 further provides that the rental security deposit will be maintained at an amount equal to one-fourth of the annual minimum rent under the Lease.

Additionally, Amendment No. 6 memorializes lessee agreement to maintain the current level of comprehensive general liability insurance with a limit of not less than $5 million per occurrence as recommended by the Chief Executive Office Risk Management Branch.

Implementation of Strategic Plan Goals

The recommended action will keep County percentage rent categories at Parcel 104R comparable to other Marina del Rey leaseholds and incorporates the new insurance provisions, in fulfillment of Strategic Plan Goal No. 1, “Operational Effectiveness”, Strategy 1, “Fiscal Sustainability”.

FISCAL IMPACT/FINANCING

There will be no fiscal impact from your Board’s approval of Amendment No. 6.

Operating Budget Impact

There will be no operating budget impact as a result of this action.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Parcel 104R, commonly known as Del Rey Shores Personal Warehouses, is improved with 136 personal warehouse storage units on a .45 acre of land in Marina del Rey. The Lease was executed on March 15, 1969 and will expire on March 14, 2029.
This proposed Amendment has been approved as to form by County Counsel. At its meeting of July 7, 2012, the Small Craft Harbor Commission endorsed the recommendation of the Director of the Department of Beaches and Harbors that your Board approve and execute the proposed Amendment No. 6.

ENVIRONMENTAL DOCUMENTATION

The proposed Amendment No. 6 is categorically exempt under the provisions of the California Environmental Quality Act pursuant to Class 1(r) of the County's Environmental Document Reporting Procedures and Guidelines and Section 15301 of the State CEQA Guidelines (Existing Facilities).

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There will be no impact on current services from your Board's approval of Amendment No. 6.

CONCLUSION

Please have the Chairman sign all three copies of Amendment No. 6 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.

Respectfully submitted,

Santos H. Kreimann
Director

SKH:GJ:SP:sn

Attachment (1)

c: Chief Executive Officer
   County Counsel
   Executive Officer, Board of Supervisors
AMENDMENT NO. 6 TO LEASE NO. 14766

Parcel NO. 104R - Marina del Rey Small Craft Harbor

THIS AMENDMENT TO LEASE is made and entered into this 7th day of August, 2012 (the “Effective Date”),

BY AND BETWEEN

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

AND

DEL REY SHORES PERSONAL
WAREHOUSES, a joint venture,
hereinafter referred to as “Lessee”.

WITNESSETH:

WHEREAS, County and Lessee's predecessor in interest entered into Lease No. 14766 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 104R, which leasehold premises (the "Premises") are more particularly described in Exhibit "A" attached to and incorporated in said lease, as amended (the lease and all amendments are collectively hereafter referred to as the "Lease"); and

WHEREAS, Section 15 of said Lease provides that as of March 15, 2000, and as of March 15th of every tenth (10th) year thereafter (each such date is hereafter referred to as a "Rental Adjustment Date"), the square foot rental, all categories of percentage rentals and liability insurance requirements (collectively, the "Adjusted Rentals") shall be readjusted by Lessee and County in accordance with the standards established in said Section 15; and

WHEREAS, Section 15 further provides that such readjustments shall be accomplished by agreement of the parties and in the event such agreement cannot be reached, the readjustments shall be settled by binding arbitration in the manner set forth at length in said Section 15; and
WHEREAS, the parties hereto have agreed to adjust the security deposit provided in Section 7 of the Lease; and

WHEREAS, the parties have agreed to add a provision to Section 12 of the Lease commencing on the Effective Date; and

WHEREAS, the parties have determined that there shall be no adjustment to any category of percentage rental as contained in Section 13 of the Lease for the ten (10) year period commencing on March 15, 2010 (the “2010 Rental Adjustment Date”); and

WHEREAS, the parties have reached agreement with respect to the amount of liability insurance contained in Section 26 of the Lease required to be maintained by Lessee for the ten (10) year period commencing on the 2010 Rental Adjustment Date.

NOW, THEREFORE, in consideration of the mutual agreements, covenants and restrictions contained herein, the parties, and each of them, agree as follows:

1. **Security Deposit.** Commencing as of the Effective Date, the first paragraph of Section 7 (SECURITY DEPOSIT) of said Lease is hereby amended to read as follows:

   “The Lessee shall deliver to and maintain with County a security deposit (the “Security Deposit”) in an amount equal to one-fourth (1/4) of the annual square foot rental for the leasehold premises, as this rental may change over the term of the Lease. This sum shall be maintained by the County as a security deposit to cover delinquent rent and any other financial obligations of the Lessee under the Lease, and shall be so applied at the discretion of the County.”

2. **Square Foot Rental.** Commencing as of the Effective Date, Section 12 (SQUARE FOOT RENTAL) of said Lease is hereby amended by adding the following clause at the end of the first Paragraph of said Section:
“Provided, however, that for the remaining Term of the Lease in no event shall annual square foot rental ever be reduced to an amount that is less than the annual square foot rental that was in effect for the year immediately preceding such adjustment.”

3. **Percentage Rentals.** There shall be no readjustment to the percentage rental rates to be paid by Lessee under Section 13 (PERCENTAGE RENTALS) of the Lease for the ten-year period commencing on the 2010 Rental Adjustment Date.

4. **Indemnity Clause and Casualty Insurance.** Commencing as of the Effective Date, the second paragraph of Section 26 (INDEMNITY CLAUSE AND CASUALTY INSURANCE) of the Lease is deleted and the following substituted therefor:

   “Lessee shall maintain in full force and effect during the term of this Lease comprehensive general liability insurance to be written on ISO policy form CG 00 01 or its equivalent covering the hazards of premises/operations, contractual independent contractors, advertising, product/completed operations, broad form property damage and personal injury with a combined single limit of not less than $5,000,000 per occurrence. The County and the Board of Supervisors, their officers, agents and employees shall be named as additional insureds under such liability insurance policy or policies.”

5. **Miscellaneous.** Except as herein specifically amended, all terms, conditions and provisions of the Lease shall be and continue to remain in full force and effect and are unmodified, and each of the parties hereto reaffirms and reacknowledges its respective obligations under the Lease as amended hereby.

IN WITNESS WHEREOF, County has, by order of its Board of Supervisors, caused this Amendment No. 6 to Lease No. 7974 to be subscribed by the Chairman of said Board and attested by the Executive Officer thereof, and the Lessee or its duly authorized representative, has executed the same.
COUNTY OF LOS ANGELES

By: ____________________________

Zev Yaroslawsky
Chairman, Board of Supervisors

ATTEST:

SACHI A. HAMAI
Executive Officer-Clerk of the
Board of Supervisors

By: ____________________________

Deputy

LESSEE:

DEL REY SHORES PERSONAL
WAREHOUSES, a joint venture

By: ____________________________

Its:

Jerry B. Epstein
Managing Partner

APPROVED AS TO FORM:

JOHN F. KRATTLI
County Counsel

By: ____________________________

Senior Deputy

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

27 AUG 2012

SACHI A. HAMAI
EXECUTIVE OFFICER
Marina Del Rey (1)
Lease Parcel No. 104R

Parcel 326, in the County of Los Angeles, State of California, as shown on Los Angeles County Assessor’s Map No. 88, filed in Book 1, pages 53 to 70 inclusive, of Assessor’s Maps, in the office of the Recorder of said County.

Excepting therefrom that portion thereof which lies southerly of the straight line in the southerly boundary of Parcel 300, as shown on said map, and its westerly prolongation.

Together with a right of way for ingress and egress, to be used in common with the owners of the leasehold estates designated as Parcels 100S, 101S, 102S and 103T and their tenants, all persons lawfully occupying the premises, and their invitees (hereinafter referred to as "Others"), over those portions of Parcels 300, 315, 316, 317, 323 to 326 inclusive, 332, 353, 354 and 369, as shown on said map, within the following described boundaries:

Beginning at the intersection of the northeasterly boundary of said Parcel 326 with the southerly boundary of said Parcel 300; thence North 35°03'05" West 908.08 feet to a line parallel with and 30 feet northeasterly, measured at right angles, from the southwestery line of said Parcel 325; thence North 34°06'16" West along said parallel line 529.10 feet to a line parallel with and 30 feet northeasterly, measured at right angles, from that certain course of North 36°00'30" West 380.10 feet in the southwesterly boundary of said Parcel 369; thence North 36°00'30" West along said last mentioned parallel line 371.20 feet; thence North 14°23'56" West 54.29 feet to the northwesterly boundary of said last mentioned parcel; thence South 52°40'22" West along said last mentioned northwesterly boundary to the most westerly corner of said last mentioned parcel; thence southeasterly along the southwesterly lines of said Parcels 369, 354, 353, 332, 325 and 324 to the northeasterly corner of said Parcel 326; thence southeasterly along said northeasterly boundary to the point of beginning.

Reserving and excepting unto the County of Los Angeles a right of way for ingress and egress, to be used only in common with "Others" over above described parcel of land.

Also reserving and excepting unto the County of Los Angeles rights of way for sanitary sewer, access, fire access and harbor utility purposes in and across those portions thereof designated on said map as easements to be reserved by said County for such purposes.

Description Approved
December 22, 1976
Stephen J. Koonce
Acting County Engineer

By: [Signature] Deputy