



July 12, 2022

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 OWNERSHIP TRANSFER AND  
APPROVAL OF AMENDMENT NO. 13 TO LEASE AGREEMENT NO. 10200  
LAACO, LTD (PARCEL 132S) – MARINA DEL REY  
(SECOND DISTRICT) (4 VOTES)**

**SUBJECT**

This Board letter requests the Board's consent to the proposed transfer of control of Lease Agreement No. 10200 (Lease) for Parcel 132S. The prior owners of LAACO, LTD, a California limited partnership (LAACO), pursuant to a merger agreement, sold all of the assets of LAACO to a subsidiary of CubeSmart, a Maryland Real Estate Investment Trust (a New York stock exchange REIT; "CubeSmart"), resulting in LAACO remaining as the lessee with new ownership. This Board letter additionally requests the Board's consent to amend the Lease to extend the lease term by three (3) years with two (2) one-year options to extend the term at the discretion of the County.

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Find that the proposed actions are exempt from the California Environmental Quality Act (CEQA) for the reasons stated in this Board Letter.
2. Consent to the proposed new ownership transfer of LAACO of the Parcel 132S Lease.
3. Authorize the Director of Beaches and Harbors to execute any consents, estoppels, and related documentation, approved as to form by County Counsel, necessary to effectuate the ownership transfer of the Parcel 132S Lease.
4. Approve and authorize the Chair of the Board to sign the attached Amendment No.13 to Lease No. 10200 pertaining to the extension of the lease term.

Caring for Our Coast

♦ ♦ ♦  
**Gary Jones**  
Director

**Amy M. Caves**  
Deputy Director

**Carol Baker**  
Deputy Director



## **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

LAACO (Lessee) is requesting County's consent to approve its ownership transfer of LAACO in Parcel 132. Pursuant to the terms of the Lease, the Lessee must obtain the County's prior consent to the proposed ownership transfer of the Lease. Without County's knowledge or consent, LAACO sold all of its assets to CubeSmart, which constituted a "change of control" under the Lease, requiring the County's prior consent. The Department has since taken action and requested Lessee and CubeSmart to comply with the approval requirements under the Lease. Accordingly, CubeSmart is now requesting a retroactive approval of this ownership transfer.

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

The Department of Beaches and Harbors has reviewed the proposed ownership transfer and has found that: a) the new owner of LAACO, namely CubeSmart, is a publicly traded Real Estate Investment Trust on the NY Stock Exchange, which owns or manages real estate assets and over 1,200 self-storage facilities across the United States, b) the proposed sales price of \$4,000,000 for Parcel 132 is justified based on the short duration of the existing remaining lease term, and c) the proposed transferee employs the current management and operations team, which has the requisite experience to continue the day-to-day activities.

The current Lease term is set to expire on July 31, 2022. The proposed Amendment No. 13 to Lease No. 17566 would extend the term by three (3) years to July 31, 2025, with two (2) one-year options to extend at the discretion of the Director, and allow for the continued operations for its members and surrounding community.

## **Implementation of Strategic Plan Goals**

The recommended action will ensure the County maximizes use of County assets, guides strategic investments, and supports 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 Lease ownership transfer and Lease term extension do not trigger any contractual

obligation for the Lessee to pay a fee to the County. Additionally, the Department anticipates there will be no impact to its operating budget.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

Commonly known as the California Yacht Club, Parcel 132S contains 253 boat slips and a 20,000 square foot two-story clubhouse and ancillary buildings, and occupies 5.69 acres of land and 9.95 acres of water in Marina del Rey. The 56-year and nine-month ground lease between the County and Lessee was executed in 1965 and is set to expire on July 31, 2022.

The proposed Amendment No. 13 would extend the Lease term by three (3) years to July 31, 2025, with two (2) one-year options to extend at the discretion of the Director, and allow the Lessee to continue its operations for its members and the surrounding community. In addition, the proposed Amendment No. 13 includes a requirement for Lessee to develop a proposal for the renovation and opening of the promenade to the public, as well as allowing the use of Lessee's facilities by a County youth-serving water program, such as the Department's Water Awareness, Training, Education, and Recreation (WATER) program, or a similar program provided by another organization approved by the Director.

No participation fee is due to the County under the term of the Lease.

Leasing of County-owned property in Marina del Rey is authorized by Government Codes 25536 and 25907. A labor peace agreement requirement has not been included in the proposed Amendment No. 13 as the amount of rent attributable to restaurant use is below the threshold amount, allowing this transaction to be exempt from this Board's Labor Peace Policy (Policy). The Director will seek to implement the Policy in the event that the amount of rent attributable to restaurant use exceeds the threshold amount and is otherwise subject to the Policy.

At its meeting on June 29, 2022, the Small Craft Harbor Commission endorsed the Director's recommendation that your Board consent to the proposed assignment of the Lease and approve and execute the proposed Amendment No. 13 to Lease No. 17566.

### **ENVIRONMENTAL DOCUMENTATION**

The proposed project is exempt from the California Environmental Quality Act ("CEQA"). The project, which includes consenting to the change of ownership, extension of the Lease, and renovating and opening of the promenade for public use, is within a class of projects that have been determined not to have a significant effect on the environment and which meets the criteria set forth in sections 15301 and 15304 of the State CEQA Guidelines (Guidelines) and Class 1 and 4 of the County's Environmental

Document Reporting Procedures and Guidelines, Appendix G. In addition, based on the proposed project records, it will comply with all applicable regulations, and there are no cumulative impacts, unusual circumstances, damage to scenic highways, listing on hazardous waste site lists compiled pursuant to Government Code section 65962.5, or indications that it may cause a substantial adverse change in the significance of a historical resource that would make the exemption inapplicable.

Upon your Board's approval of the recommended actions, the department will file a Notice of Exemption with the County Clerk in accordance with section 21152 of the California Public Resources Code.

### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

There will be no impact on current services or projects from your Board's consent to the proposed ownership transfer of Parcel 132S and approval of Amendment No. 13 to Lease Agreement No. 10200.

### **CONCLUSION**

It is recommended that your Board consent to the proposed ownership transfer of Parcel 132 and to please instruct the Chair of the Board to sign all three originals of the Amendment No. 13 to Lease Agreement No. 10200 and have the Executive Officer of the Board send 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,



GARY JONES  
Director

GJ:AC:SP:BY:kg

Enclosures (3)

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