

April 15, 2025

Honorable Mayor and City Council
City of Long Beach
California

RECOMMENDATION:

Recommendation to authorize the City Manager, or designee, to execute all documents necessary for the Seventh Amendment to Lease No. 23509 with BANCAP Marina Center, Inc., a California corporation (Master Lessee), for a three-year extension for the continued lease, operation, and management of City-owned property at 241-255 North Marina Drive commonly known as Alamitos Bay Marina Center (ABMC). (District 3)

DISCUSSION

On February 1, 1994, the City Council authorized the City Manager to execute Master Lease No. 23509 (Master Lease) between the City of Long Beach (City) and BANCAP Marina Center, Inc. (Master Lessee) for the operation and management of the City-owned property located at 241-255 Marina Drive, widely known as the Alamitos Bay Marina Center (ABMC) (Attachment) and authorized the City Manager to execute assignments of all then-current tenant leases within ABMC to Master Lessee. Currently, ABMC is subleased to the following subtenants: (1) West Marine Products, (2) Schooner or Later, (3) Galati Yacht Sales, (4) Seal Beach Yacht Club, and (5) Scuba Duba.

Over the past thirty years, Master Lessee, in partnership with the City, developed the property and made regular improvements to ABMC. Master Lessee has consistently managed the leasing operations, maintained the property, and remitted required revenue payments to the City. Under the terms of the Master Lease, the City receives a monthly base rent of \$37,803 or \$453,636 annually. The City also receives seventy percent of ABMC's Net Operating Income (NOI) from Cash Flow, as a percentage of rent, on a quarterly basis. In consideration of managing the day-to-day operations at ABMC, the Master Lessee receives a monthly management fee that does not exceed six percent of subtenants' rents and thirty percent of NOI.

The original term of the Master Lease was 25 years, from July 1, 1994, to June 30, 2019 (Term). On June 12, 2019, the City Council authorized a Fifth Amendment to the Master Lease to extend the Term for an additional three years, which ended on June 30, 2022. On May 25, 2022, the City Council authorized a Sixth Amendment to the Master Lease, extending the Term for an additional three years through June 30, 2025.

As the current term expiration is forthcoming, the Master Lessee has submitted notice to the City requesting an additional three-year extension of the Term from July 1, 2025, through June 30, 2028. Granting the Master Lessee a short-term extension will allow current operations to

continue uninterrupted while the City evaluates potential long-term options for commercial operations at ABMC.

To that end, the proposed Seventh Amendment to Master Lease No. 23509 has been negotiated and contains the following major terms and provisions:

<u>Master Lessor:</u>	City of Long Beach, a municipal corporation.
<u>Master Lessee:</u>	BANCAP Marina Center, Inc., a California corporation.
<u>Leased Premises:</u>	Approximately 1.57 acres of land and approximately 27,344 square feet of building area located at 241-255 N. Marina Drive, commonly known as Alamitos Bay Marina Center.
<u>Amended Term:</u>	The Term of the Master Lease will be extended for an additional three (3) years from July 1, 2025, to June 30, 2028.
<u>Rent:</u>	The base rent will remain at \$453,636 annually or \$37,803 monthly.
<u>Percentage Rent:</u>	The City will continue to receive the quarterly percentage rent share of seventy percent (70%) of NOI generated from ABMC's cash flow.

All remaining terms and provisions of Master Lease No. 23509 will remain in full force and effect.

This matter was reviewed by Deputy City Attorney Ashleigh Stone on February 3, 2025, and by Budget Management Officer Nader Kaamoush on January 30, 2025.

TIMING CONSIDERATIONS

City Council action is requested on April 15, 2025, to finalize and execute the Seventh Amendment in a timely manner.

LEVINE ACT

This item is subject to the Levine Act. The Mayor, Councilmembers, and Commissioners who have received a contribution of more than \$500 within 12 months prior from a party, participant, or their representatives involved in this proceeding may do either of the following: (1) disclose the contribution on the record and recuse themselves from this proceeding; OR (2) return the portion of the contribution that exceeds \$500 within 30 days from the time the elected official knew or should have known about the contribution and participate in the proceeding.

All parties, participants, and their representatives must disclose on the record of this

Honorable Mayor and City Council

April 15, 2025

Page 3

proceeding any contribution of more than \$500 made to the Mayor or any Councilmembers within 12 months prior to the date of the proceeding. The Mayor, Councilmembers, and Commissioners are prohibited from accepting, soliciting, or directing a contribution of more than \$500 from a party, participant, or their representatives, during a proceeding and for 12 months following the date a final decision is rendered.

FISCAL IMPACT

Annual revenue of approximately \$453,636 plus seventy percent of NOI from the Master Lease will continue to accrue in the Tidelands Area Fund Group in the Economic Development Department. This recommendation has minimal staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



Bo Martinez
Director
Economic Development

APPROVED:



THOMAS B. MODICA
CITY MANAGER

ATTACHMENT – MAP