

AGENDA
REDONDO BEACH HARBOR COMMISSION
Monday, May 12, 2014, 6:30pm
REDONDO BEACH CITY COUNCIL CHAMBERS
415 DIAMOND STREET

I. OPENING SESSION

- 1. CALL MEETING TO ORDER**
- 2. ROLL CALL**
- 3. SALUTE TO THE FLAG**

II. APPROVAL OF ORDER OF AGENDA

III. RED FOLDER ITEMS

Red folder items require immediate action, and came to the attention of the City subsequent to the 72-hour noticing requirement. These items require a 2/3 vote of the Commission (or if less than 2/3 are present, a unanimous vote) to add to the Agenda.

IV. BLUE FOLDER ITEMS

Blue folder items are additional backup material to administrative reports and/or public comments received after the printing and distribution of the agenda packet for receive and file.

V. CONSENT CALENDAR

Business items, except those formally noticed for public hearing, or those pulled for discussion are assigned to the Consent Calendar. The Commission Members may request that any Consent Calendar item(s) be removed, discussed, and acted upon separately. Items removed from the Consent Calendar will be taken up under the "Excluded Consent Calendar" section below. Those items remaining on the Consent Calendar will be approved in one motion following Oral Communications.

- 5. APPROVAL OF AFFIDAVIT OF POSTING FOR THE HARBOR COMMISSION MEETING OF MAY 12, 2014**
- 6. APPROVAL OF THE FOLLOWING MINUTES: APRIL 14, 2014**
- 7. CITY COUNCIL ADOPTED THE 2013-2016 CITY OF REDONDO BEACH STRATEGIC PLAN FROM THE MARCH 28, 2014 STRATEGIC PLAN WORKSHOP:
FROM CITY COUNCIL AGENDA, APRIL 15, 2014**
Staff recommendation: Receive and file
- 8. ACQUISITION OF THE REDONDO BEACH MARINA LEASEHOLD:
FROM CITY COUNCIL AGENDA, APRIL 15, 2014**
Staff recommendation: Receive and file
- 9. CONTRACT NO. C09-87-5, A 5TH AMENDMENT TO THE GROUND LEASE BETWEEN THE CITY OF REDONDO BEACH AND ZISLIS BOUTIQUE HOTELS, LLC ;
FROM CITY COUNCIL AGENDA, APRIL 22, 2014**
Staff recommendation: Receive and file

**10. FIRST AMENDMENT TO MANAGEMENT SERVICES AGREEMENT BETWEEN THE CITY OF REDONDO BEACH AND LANDMARK ACQUISITION COMPANY;
FROM CITY COUNCIL AGENDA, MAY 6, 2014**
Staff recommendation: Receive and file

VI. ORAL COMMUNICATIONS

Anyone wishing to address the Harbor Commission on any Consent Calendar item on the agenda, which has not been pulled by Harbor Commission may do so at this time. Each speaker will be permitted to speak only once and comments will be limited to a total of three minutes.

VII. EXCLUDED CONSENT CALENDAR ITEMS

VIII. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS

This section is intended to provide members of the public with the opportunity to comment on any subject that does not appear on this agenda for action. This section is limited to 30 minutes. Each speaker will be afforded three minutes to address the Commission. Each speaker will be permitted to speak only once. Written requests, if any, will be considered first under this section.

IX. EX PARTE COMMUNICATIONS

X. PUBLIC HEARINGS

XI. ITEMS FOR DISCUSSION PRIOR TO ACTION

11. QUARTERLY HARBOR PATROL REPORT

Staff recommendation: Receive and file

12. DIRECTOR'S REPORT

Staff recommendation: Receive and file

XII. ITEMS CONTINUED FROM PREVIOUS AGENDAS

XIII. MEMBERS ITEMS AND REFERRALS TO STAFF

XIV. ADJOURNMENT

The next meeting of the Harbor Commission of the City of Redondo Beach will be a regular meeting to be held June 9, 2014, in the Redondo Beach Council Chambers, 415 Diamond Street, Redondo Beach, California.

It is the intention of the City of Redondo Beach to comply with the Americans with Disabilities Act (ADA) in all respects. If, as an attendee or a participant at this meeting you will need special assistance beyond what is normally provided, the City will attempt to accommodate you in every reasonable manner. Please contact the City Clerk's Office at (310) 318-0656 at least forty-eight (48) hours prior to the meeting to inform us of your particular needs and to determine if accommodation is feasible. Please advise us at that time if you will need accommodations to attend or participate in meetings on a regular basis.

An Agenda Packet is available at www.redondo.org under the City Clerk. Agenda packets are available at the Redondo Beach Main Library during Library Hours, at the Reference Desk and during City Hall hours in the Office of the City Clerk. Any writings or documents provided to a majority of the Harbor Commission regarding any item on this agenda will be made available for public inspection at the City Clerk's Counter at City Hall located at 415 Diamond Street, Door C, Redondo Beach, CA during normal business hours.

PROOF OF POSTING

I, Holly Short, hereby declare, under penalty of perjury, that I am over the age of 18 years and am employed by the City of Redondo Beach, Harbor Department, and that the following document was posted by me at the following location(s) on the date the time noted below:

Agenda – Redondo Beach Harbor Commission

Regular Meeting of May 12, 2014

Posted on: May 7, 2014 at 11:00 am

Posted at: DOOR "A" BULLETIN BOARD

and CITY CLERK'S OFFICE

Holly Short
Signature

5/7/14
Date

**MINUTES OF THE
REDONDO BEACH HARBOR COMMISSION MEETING
APRIL 14, 2014**

CALL TO ORDER

A regular meeting of the Harbor Commission was called to order at 6:30 p.m. in the City Council Chambers, 415 Diamond Street, by Chairperson Shaer.

ROLL CALL

Commissioners Present: Dalton, Horvath, D. Jackson, M. Jackson, Keidser, Shaer
Commissioners Absent: Bloss
Officials Present: James Allen, Harbor Facilities Manager
Pete Carmichael, Harbor and Economic Development Director
Aaron Jones, Planning Director
Anita Kroeger, Associate Planner
Robert Metzger, Fire Chief
Margareet Wood, Recording Secretary

SALUTE TO THE FLAG

Commissioner D. Jackson led the members in the salute to the flag.

APPROVAL OF ORDER OF AGENDA

Motion by Commissioner M. Jackson, seconded by Commissioner Horvath, to move agenda items 14, 15, and 16 ahead of the Consent Calendar. Motion carried unanimously.

EX PARTE

Chairperson Shaer reported that he spoke with Directors Carmichael and Jones about the Bluewater Grill project.

PUBLIC HEARINGS

Consideration of an Exemption Declaration, Coastal Development Permit and Conditional Use Permit to Allow Expansion of the Outdoor Dining Area for an Existing Restaurant on Property Located Within a Coastal Commercial (CC04) Zone.

Motion by Commissioner D. Jackson, seconded by Commissioner Keidser, to open the public hearing. Motion carried unanimously.

Planner Kroeger described the application request and the location, history, and background for the property. She showed photos of the restaurant, existing outdoor dining area, and parking lot. She said the existing indoor seating capacity is 420; the existing outdoor area of 380 sq. ft. seats 28; and the proposal increases the outdoor space to 1,068 sq. ft. with 70 seats. She said

that additional parking is not required; however a couple of spaces lost to the addition will be made up by restriping. As part of the project, she said the restaurant will be repainted and the parking lot will be repaved and restriped. Other improvements will include additional bicycle racks, a bioswale with native plants, and new parking lot landscaping. She displayed a photo simulation of the completed project. She then provided the CUP and Coastal Development Permit approval criteria/evaluation. She said the project meets the requirement to accommodate a 16' wide promenade in the future. She concluded by recommending approval of the project.

At this time project architect George Kelly explained that his company was hired by Bluewater Grill to design an upgrade and the proposal responds to customers who seek an informal setting with a view.

Chairperson Shaer invited public comments.

Mary Ann Guthrie, Marina Cove Limited, was pleased that Bluewater Grill is reinvesting in their property and she anticipated increased business as a result. She encouraged approval.

Deanna Sarro, Bluewater Grill General Manager, also supported the project and anticipated increased business with the additional outdoor dining.

Marci Guillermo, resident, recommended offsite valet parking and she said the building colors are too dark.

Commissioner D. Jackson complimented the project.

In response to Commissioner D. Jackson, Mr. Kelly said material for the upper beams will be galvanized metal. He said the 50" glass walls will offer some wind protection; however patrons go inside during cold weather.

In response to Commissioner D. Jackson, Ms. Sarro said the bar area closes at 11:00 p.m. on Friday and Saturday and 10:00 p.m. during the week; therefore she did not believe noise would disturb nearby livaboarders.

In response to Commissioner Dalton, Ms. Sarro said the parking lot is not full too often, and they manage through valet during the weekends. She said that parking has never been problem, adding that employees park off-site or on the street.

Ms. Guthrie said the Spectrum lot is available for parking in the evening.

In response to Commissioner Dalton, Ms. Sarro said that patrons are allowed to smoke outside only if no one else is around.

Chairperson Shaer closed public participation.

In response to Commissioner M. Jackson, Planner Kroeger said the 5' extension into the water is built into the plan to allow for a future harbor wide promenade.

Commissioner Dalton was pleased with the open feel, and he complimented the creative concept.

Chairperson Shaer said the project is minimalistic and the space looks inviting.

In response to Chairperson Shaer, Planner Kroeger said the construction schedule is not available yet and the restaurant operation will continue during construction. She said the existing 420 seats include the banquet space. She said it is rare to have both the outside and inside seating areas full.

Also in response to Chairperson Shaer, Planner Kroeger said the significance of using recycled teak is being green. She said existing empty portions of the site will be landscaped. She explained the location of the bioswale on the east side of the deck where some of the runoff be filtrated. She did not know the cost to relocate the transformer.

Chairperson Shaer suggested an additional condition to consider requiring new trees along Marine Way if feasible.

Motion by Commissioner M. Jackson, seconded by Commissioner D. Jackson, to approve the Conditional Use Permit and Coastal Development Permit, with the added condition. Motion carried unanimously.

ITEMS FOR DISCUSSION PRIOR TO ACTION

Discussion and Possible Action on the Acquisition of the Redondo Beach Marina Leasehold: From Previous City Council Agenda, March 18, 2014, Item N4

Director Carmichael said the topic has been addressed by City Council; therefore the report is for receive and file only. He explained the City is moving forward with acquisition of the Redondo Beach Marina leasehold in line with the overall plan to combine properties and improve circulation, architecture, and aesthetics. He said the Redondo Beach Marina leasehold contains 13.5 acres and is a key location linking the pier and harbor area. He said that financing will be arranged with a private sector bank. He said the environmental review and survey are complete and the transaction will close on April 30.

In response to Commissioner M. Jackson, Director Carmichael said the \$240,000 escrow deposit will be held at the property for use as a capital working reserve.

In response to Commissioner Dalton, Director Carmichael said that subtenants will be reviewed, and the City will have the opportunity to write longer term leases and improve parking arrangements. He said a property manager will be hired.

In response to Commissioner Keidser, Director Carmichael confirmed that Redondo Beach Marina is within the scope of the CenterCal project. He also said there are no plans to change the use of the property.

In response to Chairperson Shaer, Director Carmichael stated that many ideas to supplement the existing income have been discussed; however nothing has been decided. He explained the amounts in #5 of the report represent portions coming from the uplands and tidelands fund balances for the acquisition.

Motion by Commissioner D. Jackson, seconded by Commissioner Keidser, to receive and file the report. Motion carried unanimously.

Transient Vessel Mooring Management Plan

Director Carmichael explained the former mooring field was destroyed during storms in the late 1980's. He said the current mooring project, funded by a grant, has been approved by City Council and the Coastal Commission. He said Harbor Patrol will oversee the operation temporarily after which a contractor will be hired.

Chief Metzger invited input on the plan.

Commissioner D. Jackson said the plan is comprehensive. She suggested making the area more welcoming and offering amenities. She commented on the number of "don'ts" in the plan, and she suggested including a reference to the available amenities.

In response to Commissioner D. Jackson, Chief Metzger said the harbor building mentioned in the plan is located behind the Harbor Patrol building.

Commissioner D. Jackson recommended the addition of good signage.

In response to Commissioner D. Jackson, Chief Metzger said that radio check-in is not an option at the time.

Commissioner M. Jackson described the plan as a good generic start.

Chief Metzger said he wanted a plan that is easy to read and follow, adding that he used similar plans at Avalon and Marina del Rey as guidelines. He said the Harbor Patrol staff does not have prior experience operating transient vessel moorings.

Commissioner M. Jackson recommended hiring an operator soon. Chief Metzger agreed, adding that he is concerned about having Harbor Patrol available for emergencies.

Commissioner Dalton recommend including a statement on the permit limiting City liability. He stressed the importance of signage.

In response to Commissioner Dalton regarding commercial use in the harbor, Chief Metzger believed the grant is for recreational craft only. He said other moorings in the harbor are available for commercial vessels.

Commissioner Dalton felt that preference should be given to recreational vehicles; however vacant moorings should be available for commercial use and vessels over 26'. He recommended changing the word *hurricane* to *tsunami*.

Commissioner Keidser said the deposit requirement is abnormal and she suggested a prepayment method instead. She suggested a procedure whereby boaters are assigned a mooring when they call in after which permits would be held for 2 hours. She said the waste requirement may present issues for boaters. She liked the signage pointing visitors to the public dingy dock. She said the plan is a good start and well done.

In response to Commissioner Horvath, Director Carmichael said that staff has spoken with Portofino management about their concerns.

Commissioner Horvath clarified that he specifically heard concerns about signs being hung on boats and other unpleasant views.

Chairperson Shaer recommended adding directional visuals.

In response to Chairperson Shaer, Director Carmichael said the grant does not offer a payback to the State. He said any profit will go toward tidelands and management expenses will come from the tidelands operating budget. He anticipated a break-even scenario and he looked forward to transitioning operations to the private sector.

Chairperson Shaer recommended considering other ways to generate income from visitors who use the moorings.

In response to Chairperson Shaer, Chief Metzger said the plan refers to a limit of 7 days during a 30-day period. He said a vessel would likely be allowed to occupy a mooring for 3 days, leave, and then return for the remaining 4 days.

In response to Commissioner D. Jackson, Chief Metzger said availability will be posted online, adding that reservation requests have already been received.

Commissioner Keidser suggested blackout dates such as July 4 and the day of the boat parade.

Commissioner Dalton suggested increasing fees on high-demand days.

Motion by Commissioner D. Jackson, seconded by Commissioner Keidser, to receive and file the report.

Chairperson Shaer planned to email Commissioner input to Director Carmichael.

Sean Guthrie from King Harbor Marina said that waterside signage is necessary to direct boaters to the check-in office. He said that previously, problems occurred with people coming ashore on the docks. He said that problems also occurred when boats did not leave during the storm; and he recommended language authorizing Harbor Patrol to force boats to move to prevent damage or loss of life.

Chairperson Shaer commented that more of a liability would be created if Harbor Patrol forced a vessel into the open ocean. He agreed with formulating an emergency evacuation plan.

Commissioner Horvath recommended working with the Visitor's Bureau on a harbor map with additional visitor attractions and the dingy dock location.

Commissioner D. Jackson's motion carried unanimously.

CONSENT CALENDAR

5. Approval of Affidavit of Posting for the Harbor Commission Meeting of April 14, 2014
6. Approval of the Following Minutes: March 10, 2014
7. City Council Received and Filed the March 18, 2014 Monthly Updates to the Strategic Plan; Vitalize the Waterfront, and Artesia Corridor
8. Memorandum Regarding Audio Visual Malfunction at March Harbor Commission Meeting
9. Monthly Statistics from Harbor Patrol
10. Seaside Lagoon Water Quality Update: From Previous City Council agenda, March 4, 2014, Item 2
11. Discussion and Consideration of Market Study for CenterCal Waterfront Revitalization Project: From Previous City Council Agenda, March 4, 2014, Item N3
12. Award of the Transient Vessel Mooring Project, Job No. 70460: From Previous City Council Agenda, March 18, 2014, Item H8
13. Discussion and Consideration of a Resolution Amending the Agreement with Harbor Center Project and Kincaid's Restaurant Lease: From Previous City Council Agenda, April 1, 2014, Item N1

Motion by Commissioner M. Jackson, seconded by Commissioner Horvath, to receive and file the Consent Calendar. Motion carried unanimously.

ORAL COMMUNICATIONS

Marci Guillermo, resident, recalled a previous discussion on the tidelands loan repayment and she said she would like to move forward with an analysis. She believed information is missing, and she requested to continue with the subcommittee.

EXCLUDED CONSENT CALENDAR ITEMS

None.

PUBLIC PARTICIPATION ON NON-AGENDA ITEMS

None.

ITEMS FOR DISCUSSION PRIOR TO ACTION

Director's Report

Highlights of Director Carmichael's report include:

Projects:

- Herondo/Harbor Gateway Improvement Project – plans/specs to City Council in May, construction begins after Labor Day
- Mole B – City Council to consider revised plan in May
- Shade Hotel – project is fully permitted, construction begins in May
- New Pier Plaza subleases - Mother Nature, language school
- Charlie's Place – sign improvement project underway
- Fisherman's Cove leasehold - unpermitted bike racks removed and new ones installed
- Barney's Beanery – food sales above 50% of gross sales for the past 3 months

Events:

April 24 – Earth Day at Farmers Market

May 18 – King Harbor Sea Fair

In response to Commissioner M. Jackson, Director Carmichael said some of the unpermitted bike racks installed by the Fun Factory ownership were not replaced due to space constraints; and consequently the ownership is not satisfied.

In response to Commissioner Horvath, Director Carmichael said a contingency plan will be necessary to coordinate the cycle track construction with large events such as the lobster festival and 10K race.

Also in response to Commissioner Horvath, Director Carmichael advised of the possible sale of the Neighborhood Grinds business.

In response to Commissioner Keidser, Director Carmichael stated that the Fun Factory business owner installed his own bike racks without permission on City property and was subsequently required to remove them at his cost.

In response to Chairperson Shaer, Director Carmichael said the status of the existing bike lane will be mapped out during the kick-off process for the new cycle track.

Motion by Commissioner Horvath, seconded by Commissioner D. Jackson, to receive and file the Director's Report.

Chairperson Shaer advised Ms. Guillermo to speak with staff offline regarding the Shade Hotel financing,

Commissioner Horvath's motion carried unanimously.

ITEMS CONTINUED FROM PREVIOUS AGENDAS

None.

MEMBERS ITEMS AND REFERRALS TO STAFF

In response to Commissioner Horvath, Director Carmichael advised that the amendment to the agreement regarding the Harbor Center Project, a previous Harbor Commission agenda item, was approved by City Council.

Commissioner Horvath requested staff to consider allowing pier summer concert performers to sell CDs and tee-shirts and waiving any fees.

Motion by Commissioner D. Jackson, seconded by Commissioner Keidser, to adjourn. Motion carried unanimously.

At 8:28 p.m. Chairperson Shaer adjourned the meeting until the next regular meeting on May 12, 2014, 2014.

Respectfully submitted,

Peter Carmichael
Waterfront and Economic
Development Director



Memorandum

Action Date: April 15, 2014

To: CITY COUNCIL

From: STEVE ASPEL, MAYOR

Subject: ADOPTION OF STRATEGIC PLAN

RECOMMENDATION

1. Adopt the 2013-2016 City of Redondo Beach Strategic Plan six-month objectives established at the March 28, 2014 Strategic Planning Workshop
2. Set October 9, 2014 for the next Strategic Planning Workshop.

EXECUTIVE SUMMARY

At its March 27, 2014 workshop, the City Council reviewed the city's Strategic Plan goals for 2013-2016 (not in priority order):

- Vitalize the waterfront, Artesia Corridor, Riviera Village and Space Park
- Improve public infrastructure and facilities
- Increase organizational effectiveness and efficiency
- Build an economically vital and financially sustainable city
- Maintain a high level of public safety with public engagement

The City Council established six-month objectives attached to this report and scheduled for the next workshop for October 9, 2014.

BACKGROUND

The Strategic Planning workshop was facilitated by Marilyn Snider and Associates, and attended by the Mayor, City Council Members and executive staff. It featured City Council team-building for Council followed by a review of the 2013-2016 Strategic Plan goals; an analysis of strengths, weaknesses, opportunities and threats; and development of the new six-month objectives for each of the Strategic Plan goals.

Should the City Council adopt the updated Strategic Plan, the Mayor and City Manager will report progress on the six-month objectives every month as a City Council discussion item.

COORDINATION

Each department responsible for specific objectives within the Strategic Plan has reviewed the document and provided support for this recommendation.

FISCAL IMPACT

Funds for activities related to Strategic Planning are included in the Mayor and City Council FY 2013-14 Budget.

Attachment:

- 2013-2016 Strategic Plan and Six Month Objectives

C I T Y O F R E D O N D O B E A C H

STRATEGIC PLANNING RETREAT

March 27, 2014 * Redondo Beach Library

Marilyn Snider, Facilitator – Snider and Associates (510) 531-2904
Gail Tsuboi, Graphic Recorder – Tsuboi Design (925) 376-9151

MISSION STATEMENT

The City of Redondo Beach is committed to providing the finest services to enhance the quality of life for those who live, work, visit and play in our community.

VISION STATEMENT

Redondo Beach will be the most livable, friendly and attractive California beach city.

CORE VALUES

not in priority order

The City of Redondo Beach values . . .

- ♦ *Openness and honesty*
- ♦ *Integrity and ethics*
- ♦ *Accountability*
- ♦ *Outstanding customer service*
 - ♦ *Teamwork*
 - ♦ *Excellence*
- ♦ *Fiscal responsibility*
- ♦ *Environmental responsibility*

THREE YEAR GOALS

2013-2016 - not in priority order

- ▶ **Vitalize the waterfront, Artesia Corridor, Riviera Village and Space Park**
- ▶ **Improve public infrastructure and facilities**
- ▶ **Increase organizational effectiveness and efficiency**
- ▶ **Build an economically vital and financially sustainable city**
- ▶ **Maintain a high level of public safety with public engagement**

NEXT STEPS/FOLLOW-UP PROCESS

WHEN	WHO	WHAT
March 28, 2014 (Friday)	Asst. City Manager	Distribute the retreat record to those who were unable to attend.
Within 48 hours of receipt	All recipients	Read the retreat record.
April 2, 2014	Management Team (Asst. CM – Lead)	Review the Current Internal Weaknesses/Challenges List for possible action items.
April 10, 2014	Asst. City Manager	Distribute the Strategic Plan to all employees on the email system.
By April 11, 2014	Department Heads	Present the Strategic Plan to staff.
At the April 15, 2014 City Council Meeting	City Council (Mayor – lead)	Present the updated Strategic Plan to the public.
By May 31, 2014	Department Heads	Share the updated Strategic Plan with their commission(s).
Monthly	Mayor, City Council, City Manager	Monitor progress on the goals and objectives and revise objectives (add, amend and/or delete), as needed.
Monthly	City Manager	Prepare and distribute the updated Strategic Plan Objective Monitoring Matrix to the City Council and Department Heads for distribution to their staff and on the website.
October 9, 2014 (Thursday) 8:00/8:30 am – 3:00 pm	Mayor, City Council, City Manager and Management Team	Strategic Planning Retreat to: - assess progress on the Strategic Plan - develop strategic objectives for the next 6 months

S.W.O.T. ANALYSIS

Strengths – Weaknesses - Opportunities - Threats

STRENGTHS AND ACCOMPLISHMENTS OF THE CITY OF REDONDO BEACH SINCE THE SEPTEMBER 12, 2013 STRATEGIC PLANNING RETREAT

Brainstormed List of Perceptions

- Hiring of new firefighters and paramedics
- Balanced the budget
- Managing programs through a federal government shutdown
- Received an award for financial management
- Received an award for excellence in IT practices
- Capital Improvement project by kiosk in Riviera Village with the shuttle stop
- Passed a resolution unanimously opposing the new AES power plant
- Finalized plans for transient vessel mooring field
- Initiated recreational programming at the 200 North Pacific Coast Highway site
- Became interveners in the AES power plant application process
- Finalized an MOU with Center Cal Properties
- Doubled the occupancy of the Pier Plaza Leasehold
- Improved bond rating of Aa2 of the 2004 wastewater bonds
- Refunding of the 2004 wastewater bonds with positive results
- Approved the initiation of a \$12 million renovation of Sunrise Hotel
- North Branch Library is open an additional day each week
- Completed \$1.5 million of wastewater system improvements
- Reached agreement with the PSA labor group
- Increased revenues and usage of the Redondo Beach Performing Arts Center
- Completed infrastructure network replacement
- Hired a records manager in the City Clerk's office
- Hiring of police officers
- Hiring of a new library director
- Moving forward with the Waterfront Resort Project
- Adoption of the 2013-2021 Housing Element
- Two hotels in North Redondo almost completed
- Financial agreement by the City Council on a third hotel
- Approval of a cycle track on Harbor Drive
- Commenced cybersecurity awareness training for city staff
- Approved two new restaurants at the waterfront
- Completed a feasibility analysis of installation of LED lights in the Library parking structure
- Implemented a new medical insurance plan
- Approved the mid-year budget update
- Addressed the concerns of senior residents at Casa de Los Amigos
- Obtained \$400,000 in reimbursements for Planning services
- Established a moratorium on new power generation facilities in the coastal zone
- Initiated acquisition of the Marina Beach Leasehold
- Implemented Sire Agenda Workflow (electronic)
- Responded to the US Dept. of Transportation audit
- Presented the Seaside Lagoon Water Quality Report
- Conducted citywide harassment prevention training for staff
- Had a clean and unqualified city audit
- Conceptual approval of 2013 Leadership Redondo class project
- Approved a Beach Cities MOU for the development of an Enhanced Watershed Management Plan for storm water quality improvements

- Conceptual approval of the Meistrell Memorial sculpture
- Initiated construction of the first Library Emergency Generator Project
- Rated #1 out of 88 cities in LA County for financial reporting by the LA Grand Jury
- Plans and structures for the Transit Center

THE CITY'S CURRENT INTERNAL WEAKNESSES/CHALLENGES

Brainstormed List of Perceptions

- Declining employee morale
- Lack of personnel in Human Resources
- Current labor relations
- Inadequate succession planning for future retirements
- Lack of resources to address aging city facilities and infrastructure
- Inadequate number of staff for added goals and initiatives
- Approval of Center Cal plan
- Uncertainty of City Manager status
- 30-day retention policy for email
- Pending budget shortfall
- Lack of financial resources to meet employee compensation expectations
- Lack of staff resources
- Increasing personnel costs
- Lack of revenue growth
- High number of unfilled positions
- Lack of energy efficient policy and infrastructure
- City Manager unavailable
- Poor employee relations
- Lack an Human Resources Director
- Not enough police on the streets

EXTERNAL FACTORS/TRENDS THAT WILL/MIGHT HAVE A POSITIVE IMPACT ON THE CITY IN THE NEXT THREE YEARS

Brainstormed List of Perceptions

- Increased development activity
- Lifting of sequestration reductions
- Increase in passports
- Increase in tourism and TOT (transient occupancy tax)
- Positive economic trend
- Availability of external funding for the Transit Center
- Continued state law enforcement grant funding
- Stable fuel costs
- Increasing of cloud-hosted solutions
- Completion of the Redondo Beach Unified School District school construction projects
- Improved testing scores for the schools
- Increased property values
- Good summer weather
- Private investment at the waterfront
- Declining unemployment
- Improving stock market
- Balanced state budget
- Car share program with neighboring communities
- LARICS: LA County's interoperable radio system
- County expenditures on our beaches
- AYSO international games

EXTERNAL FACTORS/TRENDS THAT WILL/MIGHT HAVE A NEGATIVE IMPACT ON THE CITY IN THE COMING YEAR

Brainstormed List of Perceptions

- Tsunami
- Fishkill
- Earthquake
- Increased homeless population
- Realignment; AB 109 – early release of prisoners
- Labor relations and employee morale
- High employee turnover
- Drought
- Increased PERS costs
- Unfunded mandates
- Cuts in the US defense industry
- Poor candidate pool for new hires
- Vladimir Putin
- Mobility of employees
- Poor summer weather
- Losing Nordstrom
- NIMBYism
- Rising fuel costs
- Increase in the minimum wage
- Unfavorable media attention
- Regional competition for retail sales dollars
- Increased crime
- Impacts of the Affordable Care Act
- Changes to the Fair Labor Standards Act
- Storm water regulations
- Workers compensation regulations
- Increased state environmental requirements



STRATEGIC PLAN ELEMENTS

Marilyn Snider, Strategic Planning Facilitator • Snider and Associates (510) 531-2904

“SWOT” ANALYSIS

Assess the organization's:

- Internal **S**trengths - Internal **W**eaknesses
- External **O**pportunities - External **T**hreats

MISSION/PURPOSE STATEMENT

States WHY the organization exists and WHOM it serves

VISION STATEMENT

A vivid, descriptive image of the future—what the organization will BECOME

CORE VALUES

What the organization values, recognizes and rewards—strongly held beliefs that are freely chosen, publicly affirmed, and acted upon with consistency and repetition

THREE YEAR GOALS

WHAT the organization needs to accomplish (consistent with the Mission and moving the organization towards its Vision) – usually limited to 4 or 5 key areas

KEY PERFORMANCE MEASURES

What success will look like upon achievement of the goal

SIX MONTH STRATEGIC OBJECTIVES

HOW the Goals will be addressed: By when, who is accountable to do what for each of the Goals

FOLLOW-UP PROCESS

Regular, timely monitoring of progress on the goals and objectives; includes setting new objectives every six months

CITY OF REDONDO BEACH ◉ SIX-MONTH STRATEGIC OBJECTIVES
March 27, 2014 – September 15, 2014

ACM=Assistant City Mgr CD=Community Development PW=Public Works WED=Waterfront and Economic Development CS=Community Services

THREE-YEAR GOAL: VITALIZE THE WATERFRONT, ARTESIA CORRIDOR, RIVIERA VILLAGE AND SPACE PARK						
WHEN	WHO	WHAT	STATUS			COMMENTS
			DONE	ON TARGET	REVISED	
1. April 30, 2014	WED Director	Present to the City Council for consideration the final documents to purchase the Redondo Beach Marina Leasehold.				
2. At the May 20, 2014 City Council meeting	PW Dir. – lead, WED Dir., Harbor Dir., CS Dir.	Present to the City Council options for the development of Moonstone Park.				
3. July 31, 2014	CD Dir. and PW Dir., with input from the Police Chief and City Attorney	Initiate discussions with the Riviera Village Association (RVA) Business Improvement District (BID) regarding options for outdoor dining and a possible streamlined outdoor dining permit process.				
4. July 31, 2014	Harbor Master and City Attorney	Present to the City Council for review guidelines for paddle sports in King Harbor.				
5. Sept. 15, 2014	City Manager -lead, CD Dir., and PW Dir.	Complete the planning, including staffing, for the three Artesia Mini-Strategic Plan tasks: the renaming of Artesia Blvd., the Specific Plan for Artesia Blvd. and the potential formation of a Business Improvement District (BID).				
6. FUTURE OBJECTIVE At the _____ City Council meeting	PW Dir., with input from the Harbor Commission and business community	Recommend to the City Council for action options for a new name for Torrance Blvd.				

THREE-YEAR GOAL: *IMPROVE PUBLIC INFRASTRUCTURE AND FACILITIES*

WHEN	WHO	WHAT	STATUS			COMMENTS
			DONE	ON TARGET	REVISED	
1. June 30, 2014	PW Dir., working with neighboring cities	Prepare a draft Enhanced Watershed Management Plan for compliance with the new Municipal Storm Water Permit.				
2. June 30, 2014	PW Dir., working with the Police Chief and CD Dir.	Complete security improvements at selected city facilities.				
Sept. 1, 2014	Police Chief, working with the PW Dir.	Develop and implement a schedule for the replacement of street parking meters in Riviera Village.				
4. Sept. 15, 2014	CS Dir., working with the City Attorney and CD Dir.	Present to the City Council for consideration an ordinance for funding public arts projects in Redondo Beach.				
5. FUTURE OBJECTIVE	Police Chief	Identify future phases for replacement of parking meters citywide, including a funding mechanism.				

THREE-YEAR GOAL: **INCREASE ORGANIZATIONAL EFFECTIVENESS AND EFFICIENCY**

WHEN	WHO	WHAT	STATUS			COMMENTS
			DONE	ON TARGET	REVISED	
1. May 1, 2014	City Clerk and IT Dir.	Complete the roll out of agenda laptops to the City Council.				
2. At the May 6, 2014 City Council meeting	City Clerk – lead, Treasurer, City Attorney	Present to the City Council for discussion and potential direction charter changes (e.g., modifying term limits, adjusting City Treasurer duties) for the Nov. 4, 2014 ballot.				
3. At the June 3, 2014 City Council meeting	IT Dir., working with the City Clerk, City Manager, City Attorney	Prepare a budget request for City Council consideration for a comprehensive update of the city's website, customer service technology, social media tools and required staffing.				
4. Sept. 15, 2014	Finance Dir. - lead, City Attorney, City Manager, City Clerk	Recommend to the City Council for consideration an ordinance to modernize the city's purchasing limits.				

THREE-YEAR GOAL: **BUILD AN ECONOMICALLY VITAL AND FINANCIALLY SUSTAINABILITY CITY**

WHEN	WHO	WHAT	STATUS			COMMENTS
			DONE	ON TARGET	REVISED	
1. As part of the budget process	City Manager, working with the Department Heads	Present to the City Council for consideration by June 30, 2014 options to restore the remaining employee compensation reductions.				
2. Sept. 1, 2014	City Manager, working with all department heads and all union groups	Determine the feasibility of providing services to other entities, bringing services in-house or contracting services to increase revenue and achieve savings while maintaining a high level of service.				
3. Sept. 15, 2014	PW Dir., working with the City Attorney and City Manager	Present to the City Council for consideration a franchise agreement to contract with Athens Disposal for street sweeping.				
4. Sept. 15, 2014	City Attorney and City Clerk	Provide to the City Council for consideration options to amend the city's Utility Users Tax Ordinance.				
5. FUTURE OBJECTIVE	Finance Dir. and City Treasurer	Provide to the City Council for action options for integrating a local city dog licensing fee collection with veterinarians.				

THREE-YEAR GOAL: ***MAINTAIN A HIGH LEVEL OF PUBLIC SAFETY WITH PUBLIC ENGAGEMENT***

WHEN	WHO	WHAT	STATUS			COMMENTS
			DONE	ON TARGET	REVISED	
1. July 1, 2014	Police Chief, working with the IT Dir. and PW Dir.	Provide training and fully implement the jail surveillance video camera system.				
2. At the July 1, 2014 City Council meeting	Police Chief, working with the City Attorney	Present to the City Council for consideration an update to the Redondo Beach Bail Schedule.				
3. At the July 15, 2014 City Council meeting	Police Chief and City Attorney	Present to the City Council for consideration an ordinance to regulate parking in municipal public parking lots.				
4. Sept. 15, 2014	Police Chief, working with the HR Dir. and with the Mayor who is assisting with recruiting	Hire and retain 96 sworn personnel to reach the budgeted 96 positions.				



Administrative Report

Council Meeting Date: April 15, 2014

To: MAYOR AND CITY COUNCIL

From: PETE CARMICHAEL, WATERFRONT AND ECONOMIC DEVELOPMENT DIRECTOR

Subject: DISCUSSION AND POSSIBLE ACTION ON THE ACQUISITION OF THE REDONDO BEACH MARINA LEASEHOLD

RECOMMENDATION

1. Adopt by vote and title only, a resolution of the City Council of the City of Redondo Beach, approving the close of escrow and authorizing the execution and delivery of closing documents pursuant to the Real Property Purchase and Sale Agreement between JJJ Enterprises, Ltd and the City of Redondo Beach related to purchase of the Redondo Beach Marina Leasehold
2. Adopt by vote and title only a resolution of the City Council of the City of Redondo Beach, California, approving a Site and Facilities Lease, Leaseback Agreement, Letter Agreement for Purchase, an ISDA Master Agreement and Schedule to ISDA Master Agreement, for the Purchase of the Redondo Beach Marina Property and authorizing certain actions in connection therewith.

EXECUTIVE SUMMARY

In 2012, consistent with direction provided by the Asset Management Plan and Harbor Enterprise Business Plan, the City Council approved an Option Agreement for the purchase of the Redondo Beach Marina Leasehold. The property is an important geographic link between the City's Pier and Harbor and has some of the best opportunities for coastal enjoyment in the Waterfront area. The leasehold has strong, long-term tenants but has not realized its full potential relative to coastal access, connectivity between the pier and harbor, and provision of a first class waterfront experience.

At its March 18th, 2014 meeting, the City Council exercised the option to purchase the Redondo Beach Marina Leasehold and approved a summary of terms for financing the purchase with BBVA Compass Bank. The financing and closing documents now recommended for approval, serve to finalize the financing for the purchase and approve the closing of the transaction.

BACKGROUND

Asset Management Plan

The City Council approved an Asset Management Plan for the Waterfront on December 18, 2007, and the Harbor Enterprise Business Plan on August 24, 2010. These documents, serve as the blueprint for the City's waterfront revitalization efforts. One of the central strategies in the Asset Management Plan is the acquisition of underperforming leasehold properties in the pier and harbor area to facilitate the highest and best use of the City's Waterfront. This includes upgraded public infrastructure, as well as more comprehensive long term 'place-making' through enhancements to connectivity, improved access to our coastal resources, and better planning and merchandising.

Consistent with the vision laid out in the 2007 Asset Management Plan, the City identified Pier Plaza, International Boardwalk, and Redondo Beach Marina in 2011 as targets for acquisition and upgrade. In 2012, the City purchased the International Boardwalk and Pier Plaza leaseholds. These properties were in a state of disrepair and had a high rate of vacancy and tenant turnover. Since purchasing these properties and installing professional 3rd party property management, vacancy has dropped by 50% and vibrant new tenants have boosted traffic through other pier area shops and restaurants. Also in 2012, the City negotiated an Option Agreement providing for the future purchase of the Redondo Beach Marina leasehold from leaseholder Decron Properties (operating as JJJ Enterprises). Similar to the other two leaseholds, this property has not had meaningful reinvestment in a generation. The site holds significant potential for revitalization and reconnection of the Waterfront, as well as facilitation of other off site infrastructure work that will be necessary in coming years. The Option Agreement expires in May 2014.

Why Purchase the Redondo Beach Marina Leasehold

Redondo Beach Marina is in a pivotal geographical location connecting the pier and harbor areas. The property also has some of the most appealing opportunities for public enjoyment of the waterfront including a 58 slip marina, long stretches of shoreline, a sport fishing pier, and access to Harbor Drive. In its current configuration, the leasehold does not make highest and best use of these resources. Some of the most appealing waterfront walkways and coastal access paths are blocked by storage and back of house operations supporting commercial slip tenants. Connection to the Pier on the south and the broader Harbor on the north is circuitous and confusing, turning potential visitors away. Much of the waterside infrastructure, including docks, gangways, and the sport-fishing pier have not been upgraded in many years. The property does not integrate well with the adjacent Seaside Lagoon, ignoring potential synergies that have potential for revitalization of both properties. The property does not currently offer a compelling destination or convenient reception to the new audience of regional boaters attracted to the City's new transient vessel moorings pending installation in the adjacent Harbor area. Beyond the shortcomings of the property and the need for site-specific investment, the leasehold also has significant value to the City as a potential staging or contingency area for other important infrastructure

Administrative Report
ACQUISITION OF THE REDONDO
BEACH MARINA LEASEHOLD

April 15, 2014

Page 3

projects in the area likely to be necessary in coming years, such as an upgrade of the Pier Parking Structure and modifications to address sea level rise.

In addition to the short-term needs for infrastructure investment mentioned above, the City also has strong reason to purchase the leasehold to fulfill its role as environmental steward of the Waterfront. One of the key components of environmental sustainability along the coast is water quality. Regional guidelines for management of storm water and urban runoff have become more restrictive in recent years. Large impervious surfaces, such as asphalt parking lots, which ultimately drain to the ocean, have become targets as source points for dirty water. The landside portion of Redondo Beach Marina is covered almost entirely with asphalt parking lot, draining directly to the ocean without any treatment. Acquisition of the leasehold creates a major opportunity for implementation of contemporary best practices for storm water management on the site, including treatment and clarification of 'first flush' runoff which will improve the health of our Harbor.

Through ownership of the leasehold, the City has the ability to facilitate investment, promote the long term highest and best use of the property and improvements that enhance environmental sustainability. Given the site's important location and current condition, it is important for the City to act on the previously negotiated option agreement while it is in effect, regardless of any other revitalization activity going on in the waterfront more broadly. The City is not obligated to and will not commit to any course of action or make any approval regarding any future project related to this site without first complying with the requirements of CEQA. The City retains the absolute sole discretion to modify any proposed future project related to this site as may be necessary to comply with CEQA. Mitigation measures and/or alternatives to avoid significant environmental impacts, including the "no project" alternative, required in connection with the CEQA environmental review process may be adopted. Nothing precludes the City from denying any project related to this site or throughout the pier and harbor area, or from weighing the economic, legal, social, technological, or other benefits of a project when determining whether to approve it.

Summary of Purchase and Financing

The terms of the agreement include a purchase price of \$12 million with \$200,000 in additional costs incurred through the extension of the agreement over the last year. The option agreement expires in May of 2012. The City Council's approval of the PSA on March 18th started the transaction process. The closing documents include the Bill of Sale, Grant Deed, and assignments. Exhibits to these closing documents, including a schedule of leases, contracts, and personal property are being finalized and will be included with the documents when they are presented for signature.

The financing is in the form of a lease - leaseback through which the City receives an upfront one time payment from Compass (lease) which is used to buy the leasehold. In exchange, the City agrees to pay a regular semi-annual payment of interest and principal back to the bank (leaseback) over the life of the financing. A lease - leaseback operates much like a traditional real estate loan and is a common form of financing for Cities. The

**Administrative Report
ACQUISITION OF THE REDONDO
BEACH MARINA LEASEHOLD**

April 15, 2014

Page 4

total amount being financed is \$12.5 million. This covers the purchase price of \$12.2 million as well as closing costs such as bank, origination, attorney, title, and escrow fees, as well as environmental inspection and site survey.

Loan Amount	\$12,500,000
Loan Term	13 years
Rate	
First Five Years	4.25%
Remainder of Term	Variable
Annual Payment	\$1,007,000
Principal Due at end of Term	\$4,500,000

Terms are approximate until financing is closed

*Interest rate is fixed for the first five years through a 'SWAP' agreement with Compass Bank outlined in the attached ISDA Master Agreement

COORDINATION

This item was developed in collaboration with the City Attorney's Office. The City Attorney's Office has reviewed the documents and approved them as to form.

FISCAL IMPACT

The acquisition of the Redondo Beach Marina Leasehold provides an opportunity for significant value creation over the long term. Through improved public access, enhancements to environmental sustainability, and revitalization of the site more consistent with its highest and best use, this leasehold purchase has potential for significant fiscal benefit to the City and general economic benefit to the local economy.

The total financing for the Redondo Beach Marina Leasehold Acquisition is \$12.5 million and will be 100% financed through the BBVA Compass Bank financing described herein. The required annual principal and interest payments for the financing is approximately equivalent to the projected annual net operating income from the leasehold. Therefore, the property is projected to be about 'break even' from an annual operating standpoint and the effective cost to the City on an ongoing annual basis is the ground rent that the City is no longer being paid by the lessee, approximately \$300,000 – \$325,000.

Funding

\$12,500,000 BBVA Compass Loan

\$12,500,000 Total

Expenditures

\$12,200,000 Leasehold Purchase

\$300,000 Financing & Closing Costs

\$12,500,000 Total

Administrative Report
ACQUISITION OF THE REDONDO
BEACH MARINA LEASEHOLD
Page 5

April 15, 2014

Submitted by:

*Pete Carmichael, Waterfront and
Economic Development Director*

Approved for forwarding by:

Peter Grant , Acting City Manager

Attachments:

- Resolution approving close of escrow and authorizing signature of closing documents
- Resolution approving financing and authorizing signature of financing documents

All supporting documentation for **Consent Items**

can be found online at the City's website

www.redondo.org

under the corresponding City Council Meeting

city offices/city clerk/agenda & minutes

City Council Meeting

April 15, 2014

Item N1



Administrative Report

City Council Action Date: April 22, 2014

To: MAYOR AND CITY COUNCIL

From: PETE CARMICHAEL, WATERFRONT AND ECONOMIC DEVELOPMENT DIRECTOR

Subject: 5th AMENDMENT TO GROUND LEASE BETWEEN THE CITY OF REDONDO BEACH AND ZISLIS BOUTIQUE HOTELS

RECOMMENDATION

1. Approve the 5th Amendment to the Ground Lease Between the City of Redondo Beach and Zislis Boutique Hotels, LLC.
2. Approve Consent, Intercreditor, and Non-Disturbance Agreement between the City of Redondo Beach and Zislis Boutique Hotels, LLC.

EXECUTIVE SUMMARY

In 2008, the City Council approved a ground lease between the City of Redondo Beach and Zislis Boutique Hotels, LLC (lessee) for the property located at 655 N. Harbor Drive. The lease contemplated the construction of a 54 room hotel under the 'Shade' brand on the site. The lease was the result of an RFP conducted by the City to identify a developer for the property and a significant catalyst for private investment and revitalization activity in the City's waterfront. The project eventually received entitlement approvals for a 54-room hotel from the Harbor Commission in 2012. This project is a key milestone for waterfront revitalization and will result in significant new income to both the Harbor Uplands Fund (ground rent) and the City's General Fund (sales and transient occupancy tax) in the years to come.

During 2012 and 2013, The City Council approved a series of lease amendments revising conditions related to the timing of the project's financing and development program. During this time the Lessee completed the required soil remediation work on the site and has attained all of the necessary permits required for construction. One of the lease requirements was that the lessee have all of necessary funding in place by February 28th, 2014. This deadline was not met. The lessee now has conditional approval for a construction loan and has requested an extension until May 22, 2014 for closing of the loan. The Fifth Amendment to the Ground Lease provides this extension and adds additional deadlines for construction start and deposit of the remaining required equity for a fee of \$100,000.

BACKGROUND

In June of 2008, the City issued a request for qualifications and proposals for the site at 655 N. Harbor Drive. 13 proposals were received and Zislis Boutique Hotels and the 'Shade Hotel' brand were selected as the preferred partner and development concept for the site. After this selection, a ground lease was finalized with the hotelier providing for a 54-room Shade Hotel. The project received its first set of entitlements from the Redondo Beach Harbor Commission in September, 2011.

**5th AMENDMENT TO GROUND LEASE BETWEEN
THE CITY OF REDONDO BEACH AND ZISLIS
BOUTIQUE HOTELS**

April 22, 2014

After the Harbor Commission approvals in 2011, the lessee performed additional soils samples and other site specific due diligence. This data revealed challenging soils conditions and presented significant difficulty with subterranean parking on the site, as the approved development program had contemplated. The lessee and the City reengaged in discussions regarding lease terms in an effort to find a solution that would benefit both parties and facilitate the project. The 2nd Amendment to the ground lease made several modifications to the lease which provided a mutually beneficial solution including off site surface parking on a nearby City lot, an increase in base rent, and establishment of key project milestones

Subsequent to the approval of the 2nd Amendment, the lessee made progress on the hotel and began paying rent for the property. But due to the lessee's difficulties with project architecture and in obtaining financing, they were not able to meet the deadlines established. In recognition of the project's importance, the City Council granted an additional extension to fall, 2013 through a 3rd Amendment to the lease which also required that the lessee pay an additional \$40,000 in extension fees and reimbursement of the City's legal costs.

In 2013, the lessee's earthwork contractor encountered underground obstructions on the site which caused additional delays. The lessee also had difficulty finalizing their financing by the deadline established in the lease. The Third and Fourth Amendments to the Lease provided additional time for deadlines related to construction and financing. The problems related to ground obstructions have since been solved and the project is now fully permitted for construction. The lessee also has a lender in place and conditional approval for construction financing. That said, the February 28th deadline for financing established in the Fourth Amendment was not met and the lessee has requested an extension. The proposed Fifth Amendment to the Lease establishes a new set of deadlines to accommodate the Lessees difficulty in financing. These deadlines are summarized below:

Proposed Deadlines

- Deadline for close of construction loan: May 22, 2014
- Deadline for start of construction: June 5, 2014
- Deadline for deposit of additional equity and construction loan funding: July 21, 2014

The Amendment also requires a payment by the lessee of \$100,000. \$20,000 of this fee is non-refundable. The remaining \$80,000 will be held until all of the above deadlines are met. If the Lessee meets the deadlines established, the \$80,000 will be applied as prepaid rent under the lease agreement.

COORDINATION

The Waterfront and Economic Development Department coordinated on the development of this 5th amendment to ground lease with the City Attorney's Office and the lessee, Zislis Boutique Hotels, LLC.

FISCAL IMPACT

This 5th amendment to the ground lease will result in a payment of \$100,000 to the City. \$20,000 of this fee is non-refundable. \$80,000 will be applied as pre-paid rent if the deadlines are met.

**5th AMENDMENT TO GROUND LEASE BETWEEN
THE CITY OF REDONDO BEACH AND ZISLIS
BOUTIQUE HOTELS**

April 22, 2014

Submitted by:
Pete Carmichael
Waterfront and Economic
Development Director

Approved for forwarding by:
Joe Hoefgen, Interim City Manager

Attachments:

- 5th Amendment to Ground Lease Between the City of Redondo Beach and Zislis Boutique Hotels (to be provided as a Blue Folder Item)



Administrative Report

Council Action Date: May 6, 2014

To: MAYOR AND CITY COUNCIL

From: PETE CARMICHAEL, WATERFRONT & ECONOMIC DEVELOPMENT DIRECTOR

Subject: FIRST AMENDMENT TO MANAGEMENT SERVICES AGREEMENT BETWEEN THE CITY OF REDONDO BEACH AND LANDMARK ACQUISITION COMPANY

RECOMMENDATION

Approve the First Amendment to Management Services Agreement Between the City of Redondo Beach and Landmark Acquisition Company, and authorize the Mayor to execute on behalf of the City.

EXECUTIVE SUMMARY

Under an agreement approved by the City Council on February 21, 2012, Landmark Acquisition Company, operating as Leonardo Property Management (Leonardo), manages the City's commercial properties at the Waterfront; Pier Plaza, International Boardwalk, and 200 – 250 Fisherman's Wharf on the Pier. Leonardo has performed well in its capacity at the Waterfront properties, doubling the occupancy at Pier Plaza and addressing deferred maintenance issues.

The City is now moving forward with the acquisition of the Redondo Beach Marina leasehold. To operate the property efficiently and maximize value within a context of constrained resources, staff recommends approval of the attached First Amendment adding the Redondo Beach Marina to the properties managed by Leonardo. The Amendment extends the term of the contract for one year and continues the same management fee; 2.9% of revenue (rents and other fees collected at the properties).

BACKGROUND

In following the vision established by Council's adopted Harbor Enterprise Business Plan and Asset Management Plan, the City purchased the former Pier Plaza and International Boardwalk leaseholds in 2012. The City had already controlled a portion of commercial space on the Pier, purchased in 1995. The City is now moving forward with the purchase of the Redondo Beach Marina leasehold.

In March of this year, Staff issued a Request For Proposals (RFP) to solicit property management services for the Redondo Beach Marina leasehold. Four (4) proposals were received with fees proposed as a percentage of collections ranging from 2.9% to

Administrative Report

May 6, 2014

First Amendment to Management Services Agreement
Between the City of Redondo Beach and Landmark
Acquisition Company
Page 2

5.0%. Other firms submitting proposals include: 1st Commercial Realty Group, DWE Real Estate Services, and Riviera Center Management. After evaluation of each proposal, Staff recommends Leonardo to manage the Redondo Beach Marina property on the City's behalf as they were the low bidder through the RFP process and have been highly successful over the past two years at the Waterfront.

Leonardo operates an office on-site at Pier Plaza and provides direct property oversight responsibilities, including billing & collections, property maintenance, and leasing, and remits a monthly payment of net income to the City for each property. Through the proposed contract, they would expand their scope of services to include the Redondo Beach Marina leasehold. They have proposed the same rate schedule as their current agreement: 2.9 % of gross rent and fee collections for property management services, 3% of gross lease amount as a commission on any new leases that they successfully negotiate, and 10% on project management oversight for property improvements in excess of \$15,000, if the City elects to use them in this capacity.

Leonardo is managing assets throughout Southern California. They were chosen through a selection process that included the full evaluation of four firms including First Commercial Realty Group Inc., Riviera Property Management, and Ketchum Realty Advisors. Leonardo's program was the most cost effective and offered the best customer service and reporting capabilities through their planned onsite office at Pier Plaza and their web-based reporting tools.

COORDINATION

The Waterfront & Economic Development Department collaborated with the City Attorney's Office on this report. The City Attorney's Office has approved the document as to form.

FISCAL IMPACT

Leonardo will be paid 2.9% of all revenue collected from the Redondo Beach Marina leasehold. They will pay for maintenance and repair services out of revenues from the properties they manage. The total cost of their management services will be dependent on gross revenue and leasing commissions are only paid when new leases are written for the property. Professional property management is a cost that will have a negative impact on the property's net operating income, but will also put the City into a position to more efficiently operate the project, with the potential for reduced expenses and improved revenues over the intermediate term.

Administrative Report

May 6, 2014

First Amendment to Management Services Agreement
Between the City of Redondo Beach and Landmark
Acquisition Company
Page 3

Submitted by:

Approved for forwarding by:

*Pete Carmichael
Waterfront & Economic Development Director*

*Office of the
City Manager*

jallen

Attachments:

- First Amendment to Management Services Agreement Between the City of Redondo Beach and Landmark Acquisition Company

**FIRST AMENDMENT TO MANAGEMENT SERVICES AGREEMENT
BETWEEN THE
CITY OF REDONDO BEACH
AND
LANDMARK ACQUISITION COMPANY**

THIS FIRST AMENDMENT TO THE AGREEMENT FOR MANAGEMENT SERVICES ("Amendment") is made between the City of Redondo Beach, a chartered municipal corporation ("City") and Landmark Acquisition Company, a California corporation ("Consultant").

WHEREAS, on February 21, 2012, the parties hereto originally entered into that certain Agreement for Management Services between the City and Consultant ("Agreement"); and

WHEREAS, on August 7, 2012, the parties entered into that certain Consent to Contract with Third Parties Agreement between the City and Consultant; and

WHEREAS, City and Consultant desire to amend the Agreement pursuant to the terms and conditions set forth herein.

NOW, THEREFORE, the parties hereby agree to make the following amendments to the Agreement:

1. Scope of Services: Exhibit "A" of the Agreement is hereby amended to add the following property "Redondo Beach Marina, 161-245 N Harbor Drive" as another property to be managed by Consultant. The additional property description above shall be inserted under the section entitled, "Description of Property" of Exhibit "A." Except as expressly stated herein, Exhibit A of the Agreement shall remain unchanged and is in full force and effect.
2. Schedule of Completion: Exhibit "B" of the Agreement is hereby replaced in its entirety with the following:

"This Agreement shall commence on May 6, 2014 and shall continue for one (1) year until May 5, 2015, unless otherwise terminated as herein provided. Thereafter, the Agreement shall automatically renew for subsequent three month periods unless terminated upon thirty (30) days written notice from City to Consultant, or ninety (90) days written notice from Consultant to City."

Except as expressly stated herein, Exhibit B of the Agreement shall remain unchanged and is in full force and effect.

3. Indemnity: Section 14 is hereby replaced in its entirety with the following:

"To the fullest extent permitted by law, Consultant shall indemnify, hold harmless, and defend (at Contractor's expense with counsel acceptable to the City), City and its

elected and appointed officials, officers, employees, agents, independent contractors, and volunteers from and against any and all claims, demands, causes of action, compensation, lawsuits (whether at law, equity or both), proceedings, liabilities, losses, damages, expenses, costs (including without limitation attorneys' fees, expert witness fees, and other related costs and expenses), judgments, fines penalties, liens of every nature, and other amounts arising or claimed to arise, directly or indirectly, out of Consultant's (including Consultant, its subcontractors, and each of their officials, officers, employees, and agents) performance of work hereunder or its failure to comply with any of its obligations contained in the Agreement, or its failure to comply with any current or prospective law, except for to the extent such loss or damage which was caused by the sole negligence or willful misconduct of the City. This indemnification obligation shall survive this Agreement and shall not be limited by any term of any insurance policy required under this Agreement."

4. Insurance: Section 15 is hereby amended with the following:

"Consultant shall comply with the requirements set forth in Exhibit "D." Insurance requirements that are waived by the City's Risk Manager do not require amendments or revisions to this Agreement.

Notwithstanding the foregoing, California Labor Code Sections 1860 and 3700 provide that every contractor will be required to secure the payment of compensation to its employees. In accordance with the provisions of California Labor Code Section 1861, the Consultant hereby certifies as follows:

"I am aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for workers' compensation or to under- take self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this contract."

5. Compliance with Laws: Section 17 is hereby replaced in its entirety with the following:

"Consultant shall comply with all federal, state and local laws, statutes, ordinances, rules and regulations, and the orders and decrees of any courts or administrative bodies or tribunals, with respect to this Agreement, including without limitation all environmental laws, employment laws, and non-discrimination laws.

Consultant acknowledges that eight (8) hours labor constitutes a legal day's work. Consultant shall comply with and be bound by Labor Code Section 1810. Consultant shall comply with and be bound by the provisions of Labor Code Section 1813 concerning penalties for workers who work excess hours. Consultant shall, as a penalty to the City, forfeit twenty-five dollars (\$25) for each worker employed in the performance of this Agreement by the Consultant or by any subcontractor for each calendar day during which such worker is required or permitted to work more than eight (8) hours in any one (1) calendar day and forty (40) hours in any one calendar week. Pursuant to Labor Code section 1815, work performed by employees of Consultant in excess of 8 hours per day, and 40 hours during any one week shall be permitted upon compensation for all hours worked in excess of 8 hours per day at not less than 1 1/2 times the basic rate of pay. For every subcontractor who will perform work on the project, Consultant shall be responsible for such subcontractor's compliance with Labor Code Sections 1810, 1813 and 1815, and Consultant shall include in the written contract between it and each subcontractor copies of Labor Code Sections 1810, 1813 and 1815 and a requirement that each subcontractor shall comply with these aforementioned sections. Consultant shall be required to take all actions necessary to enforce such contractual provisions and ensure subcontractor's compliance, including without limitation, conducting a periodic review of the certified payroll records of the subcontractor and upon becoming aware of the failure of the subcontractor comply with Labor Code Sections 1810, 1813 and 1815, Consultant shall diligently take corrective action to halt or rectify the failure."

6. Federal Funding: Section 33 is hereby deleted in its entirety.
7. Modification: Except as expressly set forth herein, the Agreement shall continue in full force and effect. The Agreement together with the First Amendment constitutes the entire agreement between the parties and supersedes any previous oral or written agreement. In the event of any inconsistency between this First Amendment and the Agreement the terms of this First Amendment shall prevail. This First Amendment may be modified or amended only by a subsequent writing executed by all of the parties and approved by the City Council.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have entered into this First Amendment as of this 6th day of May, 2014.

CITY OF REDONDO BEACH
A chartered municipality

LANDMARK ACQUISITION COMPANY
a California Corporation

Steve Aspel, Mayor

Name:
Title:

APPROVED AS TO FORM:

ATTEST:

Michael Webb, City Attorney

Eleanor Manzano, City Clerk

APPROVED:

Jill Buchholz, Risk Manager



Administrative Report

Commission Action Date: May 12, 2014

To: MEMBERS OF THE HARBOR COMMISSION

**From: PETE CARMICHAEL, WATERFRONT & ECONOMIC DEVELOPMENT
DIRECTOR**

Subject: DIRECTOR'S REPORT

RECOMMENDATION

Receive and file a report from the Waterfront & Economic Development Director on current and upcoming waterfront projects and activities.

EXECUTIVE SUMMARY

An oral report will be provided by the Waterfront & Economic Development Director at the Commission meeting on current and upcoming waterfront projects and activities.

BACKGROUND

Periodic reports from Waterfront & Economic Development staff help keep members of the Commission informed of the status of general waterfront operations. The Director's report will provide information on current and upcoming department projects and activities.

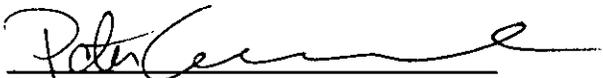
COORDINATION

Department staff collaborated on the development of this report.

FISCAL IMPACT

The cost for preparing this report is included within the Waterfront & Economic Development Department's adopted FY2013-14 annual budget and is part of the department's annual work program.

Submitted by:



Pete Carmichael
Waterfront & Economic Development Director