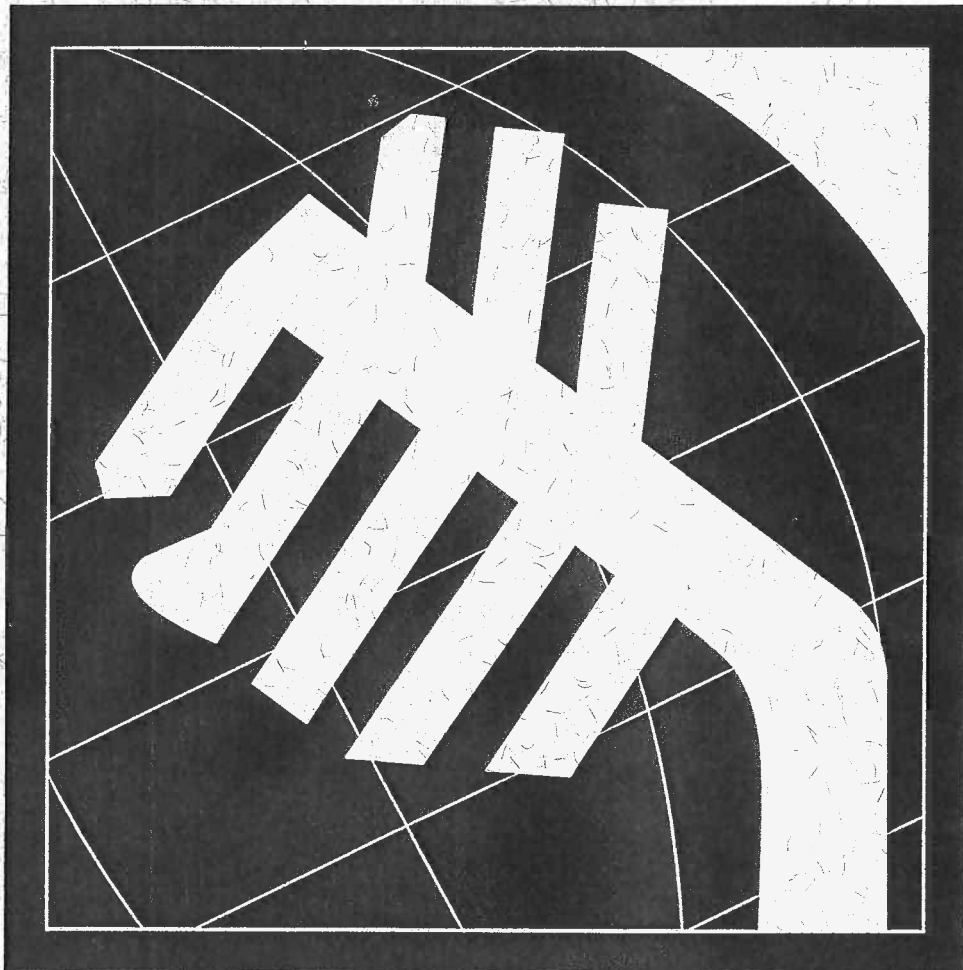


**Marina del Rey**  
**ASSET MANAGEMENT STRATEGY**



**Los Angeles County**  
**Department of Beaches and Harbors**  
Stan Wisniewski, Director

Adopted by  
**Board of Supervisors**  
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# MARINA DEL REY ASSET MANAGEMENT STRATEGY

## INTRODUCTION

As Marina del Rey enters its fourth decade, it faces many challenges and questions about its future. The remaining term on most leases has reached a point where traditional long-term financing is increasingly difficult to obtain, lessees are considering new proposals for redevelopment, leasehold improvements and the Marina's infrastructure are aging, and the amended Local Coastal Program (LCP) has been certified. Additionally, Marina del Rey faces competition from other destinations, such as the planned Playa Vista improvements, and historical patterns of automatically-rising income and property values ended with the recent recession. Therefore, the County clearly needs to establish a sense of direction concerning the future of Marina del Rey.

The Marina del Rey Asset Management Strategy (AMS) was developed by the Department of Beaches and Harbors in consultation with KMG Consulting (Kotin Mouchly Group) and Gruen Associates, the Department's economic and planning consultants, respectively. It is a proactive strategy designed to accomplish three objectives:

- Provide a framework within which to make short-term Marina del Rey leasing and development decisions so that they remain consistent with redevelopment goals when Marina leases expire, largely between 2020 and 2030;
- Provide programs to encourage redevelopment and refurbishment while ensuring quality maintenance of leasehold facilities during remaining lease terms; and,
- Effect a strategy for the Marina's second generation development that better integrates recreational and commercial/residential areas, recognizing the need to establish Marina del Rey as an exciting and user-friendly attraction to both Southern California residents and tourists alike.

The four elements of AMS are (1) its long-term vision for Marina del Rey; (2) catalytic development projects to draw people on a regional basis, spur further leasehold development and set a standard for design quality; (3) development mechanisms to encourage leasehold redevelopment proposals consistent with its long-term vision; and, lastly, (4) other mechanisms to encourage refurbishment and ensure quality maintenance of those leaseholds that will not be redeveloped during the remaining terms of their leases.



## BACKGROUND

As illustrated in Figure 1, a total of 39 out of the 51 significant revenue generating leases, accounting for 73% of current Marina revenue, will expire by the year 2024. By 2029, an additional nine leases will expire. In order to recycle these leaseholds in an orderly fashion to enhance the desirability and revenue production of the Marina, it is essential that there be a strategy in place as lessees face critical decisions about maintenance, possible extensions, reinvestment and other related items.

**FIGURE 1**

### Ground Lease Expirations

	Year of Ground Lease Expiration				
	1995-2009	2010-2019	2020-2024	2025-2029	2030+
<b>No. of Leaseholds</b>	5	0	34	9	3
<b>% of Total Leases</b>	10%	0%	67%	17%	6%
<b>Cum. % of Total Leases</b>	10%	10%	77%	94%	100%
<b>% of Total Revenue</b>	1.5%	0%	71%	5.5%	22%
<b>Cum. % of Total Revenue</b>	1.5%	1.5%	72.5%	78%	100%

In the absence of a systematic program to maintain and upgrade the image and value of the Marina, the recycling of Marina leases that is likely to occur could substantially reduce revenues that might otherwise be obtained. Left to its own devices, the market is not likely to produce a strong prestige identification for Marina del Rey. In this regard, it is important to understand that the current land

