

ADK&A SELECTED QUALIFICATIONS IN PORTS AND MARINAS

Port of Los Angeles

Attraction and Selection of Master Developer for Commercial Property.

In 1994 the Port of Los Angeles completed an evaluation and study of its undeveloped commercial properties with a blue-ribbon citizen task force. The Port subsequently retained ADK&A for development of a request for qualifications and a request for proposals, to attract a master developer for almost 120 acres of prime waterfront commercial property, including marina facilities, prospective hotel and retail development, and other visitor-serving activities. ADK&A focused on the need to reposition the Port's image as a commercial center while attracting good developers within the context of an unsubordinated ground lease, as mandated by state law.

LA County Department of Beaches and Harbors

Financial, Economic and Advisory Services

Beginning in 1985, ADK&A has been the County's primary economic and financial consultant with responsibility for assisting the department in several key areas including: renegotiation of rents at periodic intervals; negotiation of lease extensions for seven different leaseholds including residential anchorage, hotel and office uses; preparation of RFP's and Invitations to Extend Leases for circulation in connection with the County's effort to spur second generation development in the marina; evaluation of proposals; selection of developers; negotiation of new ground leases; and assistance in the development and implementation of an affordable housing policy for new residential development. ADK&A's services included detailed financial modeling of ground leases, evaluation of the developers' proposals, extended negotiation support, and documentation and summarization of the results for presentation to both the Los Angeles County Small Craft Harbor Commission and the County Board of Supervisors.

Los Angeles County Department of Beaches and Harbors

Marina City Club Lease Negotiation and Evaluation

ADK&A provided financial analysis and assisted the Department of Beaches and Harbors in the negotiation of amended and restated leases for the Marina City Club. The amended and restated leases contain provisions for county participation in both the revenues generated from the marketing of prepaid subleases (later converted to leasehold condominiums) for apartment units and "profits" from the marketing of these units. The leases also require the development of a luxury/first-class hotel on an undeveloped portion of the site.

LA County Department of Beaches and Harbors

Asset Management Strategy

In its role as principal economic advisor to the department, ADK&A provided overall coordination as well as all economic and financial input to a two-year effort which culminated in an overall long term redevelopment and management strategy known as the Asset Management Strategy or AMS, which was subsequently adopted by the Board of Supervisors.

Dana Point Lessees' Association
Negotiation of Consolidated Lease Extensions

ADK&A was retained by a group of over eight lessees to negotiate a collective extension of 30-year ground leases that were scheduled to expire over the next 1-7 years. Working with a planning firm, ADK&A evolved a fully articulated vision of second generation development and leasing for this highly prestigious but somewhat underdeveloped marina and resort. The plan and proposal (which was ultimately rejected by the County due to a change in general leasing policy) included renegotiation of rent revenues, pledges of funding for both new infrastructure and new private development and full financial projections.

City of Stockton
Revitalization of Downtown Stockton Marina

ADK&A was retained together with Concept Marine Associates (CMA) to assist in restructuring the ground lease and physical facilities in the Downtown Marina. Specific services included evaluating the options available to the city, suggesting resolution to a complex and deteriorating situation with the existing lessee, and modeling the impact of alternative state and local financing options.

Port of Los Angeles
Analysis of Strategy for Nonperforming Hotel Lease

In the 1980s the Port of Los Angeles executed a ground lease with a local owner/developer for the development and operation of a major DoubleTree Hotel. Due to a combination of higher-than-expected initial costs and major weaknesses in the hotel market, the project was unable to service its construction loan and was in arrears on its lease payments. After an earlier restructuring in the early 1990s, the project continued to have problems of low occupancy compounded by excess debt. ADK&A advised the Port Property Management Group as to alternative techniques for modifying the lease to facilitate a possible workout if lender and tenant were willing to make certain commitments. Several strategies were evaluated, and a recommended strategy was advanced and approved by the board, but lack of capital or commitment by the lessee prevented its ultimate implementation.

City of Redondo Beach Harbor Department
King Harbor Lease Evaluation

ADK&A assisted the City of Redondo Beach in evaluating the value of its master leases for the city-owned King Harbor marina complex. This evaluation included historical analysis of the revenue generated and rent paid by each of the 16 master leases since 1970, and alternative projections of revenue growth and city rents into the future. Based on alternative levels of sales and city revenues, ADK&A made specific recommendations on changes in the structure of the master leases.

Ventura County
Channel Islands Harbor Leasing Analysis

ADK&A was retained by Ventura County for its administration of the Channel Islands Harbor. In its capacity as financial advisor to the director, ADK&A has been involved in many issues with individual lessees and leaseholds, including condominium conversion projects, potential bankruptcies, negotiations for various forms of temporary assistance in terms of deferral of ground rent, lease extensions, including redevelopment of existing improvement. ADK&A's experience with other harbor leasehold properties and its experience in consulting for private sector lessees has allowed it to assist the County in creating agreements that are financially realistic for the lessee but preserve the County's financial interest and long-term benefits from its leaseholds.