

## **ADK&A SELECTED QUALIFICATIONS IN PORTS AND MARINAS**

### **PORT OF LOS ANGELES 1994-2020 INTERMITTENT**

[From 2017 through 2020, ADK&A was part of joint consulting group to the Port headed by Economic & Planning Systems (EPS) that performed the following three assignments.]

#### ***Analysis of Potential Development Opportunities for two Port-owned Parcels, the Cabrillo Way Marina Landside and Parking and Historic Warehouse #1***

ADK&A participated in this assignment with EPS and had primarily responsibility in several areas related to Cabrillo Marina including market research on landside development patterns at other marinas, identification of desirable and feasible land uses for the landside area, potential synergies and conflicts with other key elements in the LA Waterfront including both AltaSea and San Pedro Market, and calculation of the residual land values created by these uses. Based on this analysis, the final report recommended both certain uses and some key elements in promoting their development. ADK&A was not involved with the historic warehouse.

#### ***Marketing, RFP Issuance, and Proposal Evaluation of for Landside Development at Cabrillo Way Marina***

As a follow-on to the prior assignment, ADK&A and EPS, translated its prior work into marketing suggestions which led first to the issuance of an RFQ and an RFP for landside development. These documents were drafted by Port staff but used outlines and suggestions prepared by the consultants as well consultants' review of the port draft. ADK&A and EPS collaborated on preparation of comparison tables for responses to both the RFQ and RFP. ADK&A was specifically responsible for critically evaluating both market feasibility and financial pro formas in a more extended analysis prepared for use by Port staff.

#### ***Marketing, RFP Issuance, and Proposal Evaluation of for Redevelop Boatyard at Berth 44***

The EPS/ADK&A team was also retained to assist the Port in circulation, processing and evaluation of first an RFQ, and later an RFP for redevelopment of Berth 44, a former working boatyard which had gone idle, into a first-class boatyard. In addition to close involvement in the preparation of comparison charts with EPS, ADK&A had primary responsibility for two critical elements in the project, a market survey of other working boatyards in Southern California relating their facilities and scale to the proposed Berth 44 project; and (2) a critical private evaluation of the financial feasibility of each proposal.

#### ***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.

### ***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.

### ***Los Angeles County Department of Beaches and Harbors 1985-2019 continuous Financial, Economic and Advisory Services***

From 1985 through June, 2019, ADK&A was 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.

Major recent assignments have included negotiation of the first new hotel complex in the Marina in over thirty years, a joint Marriott Residence Inn and Courtyard project, as well lease extensions for several apartment complexes representing almost 2,000 units.

### ***LOS ANGELES COUNTY DEPARTMENT OF BEACHES AND HARBORS Marina City Club Lease Negotiation and Evaluation***

In 1985 and 1986 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. In the early 2000's the terms of the amended lease were further changed to make the amounts paid for ground rent from year to year more predictable. Again in 2017-19, ADK&A was involved in trying to find a solution to the simultaneous need for multi-million dollar repair investments and a potentially large "catch up" payment of ground rent created by the earlier ground rent amendment. Unfortunately, the tension created by the need for condo owners to advance

substantial funds to maintain units which may face declining value within a decade due to the distant but foreseeable impact of lease expiration. ADK&A's long experience with this leasehold has provided significant insights into the problems of ownership housing on ground leases.

### ***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.

### **VENTURA COUNTY – CHANNEL ISLAND HARBOR 1997-2006 CONTINUOUS 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.

### **DANA POINT LESSEES' ASSOCIATION *Negotiation of Consolidated Lease Extensions***

In the early 2000's, 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***

In the 1990's, 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.

### **VENTURA PORT DISTRICT 2000-2015 CONTINUOUS *Portside Development and Other Consulting***

ADK&A assisted the District in developer solicitation, selection and lease negotiation for a major new project on previously vacant land to contain 270 apartment units and over 100 new boat slips. After new changes of design in response to changes in City policy and litigation the project finally had its groundbreaking in 2016.

