

Lido Marina Village Appraisal Request for Proposals

Informational Meeting – August 16, 2010

Q: Have the littoral owner rights been established in the Harbor?

A: Some parcels have been affirmatively set, either by judicial decree or legislative action. The appraisal needs to take into account that lack of certainty. The U.S. bulkhead line has been firmly established at this location, and there is no issue about the location of the mean high tide line.

Q: Should we assume that the upland property needed to support the use of the water area, i.e. parking, restrooms, ancillary facilities, will be provided?

A: Yes. There is a parking requirement under the zoning regulations, which is $\frac{3}{4}$ of a parking space per slip. The appraisal should assume that the requisite upland property will be available for the required supporting facilities. It is also likely to assume that the existing parking structure will be available for public use.

Q: Should we determine what a lessee might expect to pay for the necessary facilities?

A: The appraisal should include a fair market rental value for the lease of the City's tidelands interest beyond the bulkhead, which is submerged. The appraisal should assume that there's unification of ownership between the docks and the upland property, and that the necessary facilities are available. The appraisal analysis should reflect the cost that a lessee may expect to contribute towards these facilities.

Q: Will tour boats be able to use the slips?

A: Charter boats will be able to use the slips but it is uncertain as to the amount of charter activity that will be accommodated. .

Q: Will such charter boat use change the parking ratio?

A: The parking requirements for charters is one space for every 3 passengers.

Q: Will the parking requirement be an obligation of the charter company or the marina operator?

A: If the marina operator wanted to provide for a long term lease with a charter company, both parties would have to determine that the use could satisfy the parking requirements. Clearly, the area's ability to accommodate charter boats is a function of other uses within the project area. A certain amount of parking is needed for restaurants, offices and residential, and the ability to accommodate charter boat will depend on these other uses.

Q: Is the parking requirement the same for a 30' boat as it is for a 130' boat?

A: The $\frac{3}{4}$ space per slip remains constant. But charter boats also need to provide one space per 3 passengers.

Q: Should we assume a minimal number of tour operators and a preponderance of typical slips to meet the requirements?

A: Yes, given that it is unlikely that Coastal Commission would agree to a large number of tour operators.

Q: Is there any plan for the existing tours on Coast Highway to relocate or for there to be any change in the zoning regulations to accommodate a change in tour operations?

A: No. Our experience is that the tour operations are self-regulating, based on available parking and slip size.

Q: In summary, we can assume a marina operation, with a minimal tour component, in terms of its impact on the obligation of providing additional facilities that serve that portion of the operation within the uplands.

Q: Are the pierhead lines going to stay the same?

A: Yes. It should be noted that they can extend up to 20 feet channelward of the U.S. pierhead line and that most of the docks in this area are built out to this maximum.

Q: Is it true that you can go half the width of the boat beyond the end of the pier?

A: No, the full width.

Q: Who is responsible for care and maintenance of the bulkhead? Is the City going to build a new bulkhead?

A: The bulkhead is the upland property's responsibility. The City is only responsible for the bulkheads located on its property, like at street ends and other City- owned facilities.

Q: What is the anticipated term of the lease?

A: The appraisal should value both a 25-year and a 50-year maximum.

Q: Will there be a mid-term re-evaluation?

A: The City has an obligation to obtain the fair market value rent. Thus, the lease should include an escalator or index to adjust the rent periodically. The City has previously used a structure that includes a base rent with indexing based on CPI every five years plus a percentage rent based on gross revenue and a re-appraisal at year 25. We expect to see a percentage rent for the marina less than that with a single use of the uplands and the marina.

Q: Who owns the improvements?

A: The uplands owner.

Q: Do we evaluate the property in its as-is condition and assume that the lessee has the opportunity to do whatever he wants with it?

A: The appraisal should calculate fair market rent based on highest and best use. This will require some assumptions beyond what currently exists. For instance, the dock might not be currently configured to its highest and best use. The appraisal should provide the City with an opinion of the value based on the marina's highest and best use.