



AGENDA NO: CS-4

MEETING DATE: November 14, 2018

**THE FOLLOWING PUBLIC CORRESPONDENCE
WAS RECEIVED BY THE CITY COUNCIL
FOLLOWING POSTING OF THE AGENDA**

Lori Kudzma

From: Dana Swanson
Sent: Tuesday, November 13, 2018 8:52 AM
To: Lori Kudzma
Subject: Fw: November 14 Closed Session Agenda Item CS-4

Follow Up Flag: Follow up
Flag Status: Flagged

Agenda correspondence.

From: Ron Reisner
Sent: Tuesday, November 13, 2018 8:47 AM
To: Dana Swanson
Subject: Fw: November 14 Closed Session Agenda Item CS-4

F.Y.I.

From: Ron Reisner
Sent: Tuesday, November 13, 2018 8:08 AM
To: Jamie Irons; John Headding; Marlys McPherson; Robert Davis; Matt Makowetski
Cc: Scott Collins; Eric Endersby
Subject: November 14 Closed Session Agenda Item CS-4

Agenda item CS-4 of the Council's November 14, 2018 Special Closed Session Meeting addresses Lease Site 69-70/69W-70W – formerly the Morro Bay Aquarium. This property is included in the Tidelands Grant lands.

Council is reminded and advised of the following:

- California State Law requires that fair market rent be charged for the use of Tidelands Grant lands; and the City is governed in its management of the Tidelands properties by the granting statutes, as interpreted and managed by the State Land Commission, which currently upholds the fair market rent concept for Tidelands Grant lands.
- The prior owner/operators of the property removed numerous improvements (improvements that were at the time their sole property), including but not limited to: fixtures, electrical systems, mechanical systems and plumbing systems.
- With reversion to the City of structures and systems on the subject lease sites, the City is now responsible for the use of those structures and systems.

Any lease of the subject sites, be the lease short term and/or long term, requires the City to

responsibly address the following:

1. The subject lease sites be let by the City at current fair market rent on a “triple net” basis, featuring a base rent element, and in the case of retail sales a percentage of gross sales.
2. Any Conditional Use Permit or Temporary Use Permit, irrespective of the prospective lessee, be based upon a fully developed and sound business plan that clearly demonstrates both short-term and long-term financial feasibility.
3. Any Conditional Use Permit, Temporary Use Permit, Special Use Permit, Minor Use Permit, and/or Coastal Development Permit issued by the City for the subject property include the User being solely responsible for the following:
 - Investigating and verifying that any and all structures and physical improvements on the lease sites are sound, safe, and in compliance with applicable code requirements.
 - Investigating and verifying that all mechanical systems, electrical systems and plumbing systems on the lease sites are sound, safe, and in compliance with applicable code requirements.
 - Investigating and verifying that no environmental hazards exist on the subject lease sites.

Thank you,

Ron Reisner