



June 18, 2024

Board of Supervisors  
County of Ventura  
800 South Victoria Avenue  
Ventura, CA 93009

**SUBJECT: Approval of a Sublease Agreement (Sublease) Between BY CI SMI Series, a Registered Series of BY Channel Islands SMI, LLC, a Delaware Limited Liability Company, and Legacy Marine, LLC, a California Limited Liability Company, for Operation of the Boatyard on Channel Islands Harbor Parcels N and P; Find that the Sublease is not Subject to the California Environmental Quality Act (CEQA) or, Alternatively, Find that the Project is Exempt from CEQA; and Authorization for the Harbor Director to Execute Required Documents Consenting to the Sublease; RECOMMENDATION NO. 1 REQUIRES 4/5THS VOTE**

**Recommendations:**

- 1) Approve the Sublease Agreement (Sublease) between BY CI SMI Series, a Registered Series of BY Channel Islands SMI, LLC, a Delaware limited liability company, and Legacy Marine, LLC, a California limited liability company, for the operation of the Boatyard Service building on Channel Islands Harbor Parcels N and P. Requires 4/5ths vote.
- 2) Find that your Board's approval of the Sublease is not a project under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines sections 15352 and 15378 because the Sublease will not cause a direct or a reasonably foreseeable indirect physical change in the environment and will not authorize any specific development activity. Alternatively, find that the Sublease, the project, is categorically exempt from CEQA pursuant to CEQA Guidelines sections 15301 and 15302, and that no exceptions set forth in CEQA Guidelines section 15300.2 preclude use of these exemptions.
- 3) Authorize the Harbor Director to execute the documents required to implement the County's consent to the Sublease upon the Harbor Director's determination, with the concurrence of the County Executive Officer and County Counsel, that all requirements pertaining to the Sublease have been satisfied.

**Fiscal/Mandates Impact:**

Harbor Enterprise Fund E200  
 Mandatory: No  
 Source of Funding: Lessee  
 Funding Match Required: None  
 Impact on Other Departments: None

<b>Summary of Revenue and Costs:</b>	<b>FY 2023-24</b>	<b>FY 2024-25</b>
Revenue:		
Direct	\$ 2,500	\$ 30,000
Total Revenue	\$ 2,500	\$ 30,000
Costs:		
Direct Costs	\$ 0	\$ 0
Indirect Costs	\$ 0	\$ 0
Total Costs	\$ 0	\$ 0
Net Income	\$ 2,500	\$ 30,000

<b>FY 2023-24 Budget Projection for Harbor Administration - Division 5100</b>				
	Adopted Budget	Adjusted Budget	Projected Budget	Estimated Savings/(Deficit)
Appropriations	\$ 12,407,216	\$ 12,700,000	\$ 12,173,722	\$ 526,278
Revenue	\$ 11,327,486	\$ 11,327,486	\$ 11,736,710	\$ 409,224
Gain/(Loss)	\$ (1,079,730)	\$ (1,372,514)	\$ (437,012)	\$ 935,502

\*The table above excludes other financing sources.

**Background:**

In 2022, BY Channel Islands SMI, LLC, a Delaware limited liability company (SMI) purchased the leaseholds for Channel Islands Harbor Parcels N and P from TBYCI, LLC, a California limited liability company, with no mortgages or other encumbrances. Since SMI was a newly formed entity without a track record, its parent company Suntex agreed to provide a guaranty for the Second Amended and Restated Lease (Lease) for a maximum of three million dollars, which is equal to approximately 10 years of SMI's obligations under the Lease. Suntex currently has over 60 marina properties, 11 boatyards, 24 dry storage facilities and other retail, rental, and leisure services in its portfolio. Suntex has more than \$1.5 billion in assets, \$14.2 million in cash on its balance sheet, and the ability to borrow approximately \$249 million in additional funds.

The main focus of SMI is on operating marinas, and it has requested that the County approve a Sublease Agreement (Sublease) between BY CI SMI Series, a registered series of BY Channel Islands SMI, LLC, a Delaware limited liability company (Sublandlord), with Legacy Marine, LLC, a California limited liability company (Legacy),

for the operation of the boatyard on the leasehold. Sublandlord is a sub-LLC of SMI, and SMI would continue to control the operations of Sublandlord. SMI would also continue to pay County all base and percentage rents due under the Lease. Staff has conducted the required financial and background investigations and determined that Legacy is a high-quality operator and competent to run the boatyard operations. If approved by your Board, the County would recognize higher rents due to Legacy paying rent and by receiving increased percentage rent from having a knowledgeable operator in place to increase boatyard sales. The term of the Sublease is five years, with two additional five-year options to extend the term.

Harbor Staff recommends approval of the Sublease to Legacy.

Your Board's approval of the proposed Sublease is not a project under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines sections 15352 and 15378 because the Sublease would not cause a direct or reasonably indirect physical change in the environment and would not authorize any specific development activity. Alternatively, staff has determined that your Board's approval of the Sublease, the project, is categorically exempt from CEQA pursuant to CEQA Guidelines sections 15301 and 15302. Staff has also determined that no unusual circumstances or other factor set forth in CEQA Guidelines section 15300.2 preclude use of these exemptions.

**Integration of Strategic Plan Priorities:**

The boatyard is a popular amenity to the Harbor, providing boaters the ability to haul out and repair their vessels. It allows the public access to the Harbor's public waterways, provides jobs to the community, revenues to the Harbor Department and improved public access to the Harbor and nearby County public beaches – all in furtherance of the County's Strategic Plan's Mission of providing superior services and the Plan's Goals of: 1) fostering a thriving business ecosystem to create jobs, increase wages, and strengthening the local economy; 2) maintaining and improving dependable public resources to serve the needs of our diverse communities; and 3) attracting and investing in sustainable infrastructure and preservation of our natural resources.

The County Executive Office, Auditor Controller's Office, and County Counsel have reviewed this letter. If you have any questions regarding this item, please contact me at (805) 973-5952.



Michael Tripp  
Director