

# Long Beach

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## Tidelands Land Swap Opens Doors For New Tenants At The Pike

Council, State Lands Commission Approve Deal To Resolve Longstanding Dispute



Now that the California State Lands Commission and the Long Beach City Council have approved the land swap, taking the 10.24 acres of The Pike at Rainbow Harbor north of Shoreline Drive out of the state tidelands boundaries and replacing it with 40 acres of parcels previously not in tidelands, it frees Pike developers – Developers Diversified Realty Corporation – to go after a more diverse mix of tenants. For more information, see story on Page 18. (Photograph by the Business Journal's Thomas McConville)

■ By **SEAN BELK**  
Staff Writer

An agreement to lift tidelands restrictions at parcels at The Pike at Rainbow Harbor in exchange for imposing them on three city public properties has been approved by both Long Beach City Council and the California State Lands Commission.

City and state officials said the land swap better serves both areas by opening up a more diverse mix of tenants at The Pike while allowing for tidelands funds to be used on public lands and safeguarding them for recreational uses. The city council unanimously approved the exchange during its June 21 meeting, while the state lands commission gave its okay June 23.

The new 49-year lease agreement eliminates tidelands restrictions on 10.24 acres of The Pike and instead puts the statutes on 40 acres of inland city property, including portions of the Colorado Lagoon, Bixby Park and Marine Stadium. City officials said any property being transferred into the tidelands must be equal or greater in value to the property being exchanged.

Mike Conway, the city's director of public works, said both parcels were appraised at "identical values" of \$49 million through "hypothetical development sce-

narios." Although the city's appraised \$30 million value of the Colorado Lagoon had been in dispute with the state, the city negotiated the value to achieve parity, he said. Conway added that uses of the city property would "not change as a result of this transaction," and would remain as recreational uses operated by the city.

The Pike, a 369,000-square-foot area downtown, has suffered from a 19 percent vacancy rate at the site north of Shoreline Drive. Due to the tidelands restrictions, the center has been limited to entertainment and dining uses, but now the property owner and manager, Developers Diversified Realty Corporation (DDR), is able to market to a wider range of retail and other uses.

The new agreement resolves a more than 10-year legal dispute over whether parcels of The Pike, once part of what was known as the Queensway Bay Development, were developed by DDR in accordance with tidelands restrictions. Currently, any property that falls under the tidelands is restricted for the purposes of "commerce, navigation, fisheries and recreation" in trust of the State of California.

Jeff Miyaoka, The Pike's general manager, told the Business Journal, "The completion of this opens up the center to a

broader category of uses, both in retail and also in services we weren't able to reach to before . . . It's something we really haven't been able to do in the past because of this issue. I can tell you that we're really excited about having a new opportunity." The 10.24-acre parcel does not include waterfront restaurants along Aquarium Way. Those properties would remain under the tidelands trust, he added.

Vice Mayor Suja Lowenthal said the frustration that residents and existing businesses have expressed over the lack of tenant diversity at The Pike has been often times "misdirected," adding, "Despite the economic realities limiting retail recruitment, the real culprit is a tidelands trust that restricts certain types of business located below Ocean Boulevard. I really feel this opens it up so that property can be exactly what it was intended to be."

Bob Maguglin, director of public relations for the Long Beach Convention & Visitors Bureau, said the exchange is welcomed as a way to provide better retail options and shopping opportunities in the downtown area for tourists and attendees of conventions and business meetings. "Additional retail would help us greatly sell Long Beach as a great destination city," he told the city council. ■