



# CITY OF LONG BEACH

# R-24

DEPARTMENT OF COMMUNITY DEVELOPMENT

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802

August 19, 2008

HONORABLE MAYOR AND CITY COUNCIL

City of Long Beach

California

## RECOMMENDATION:

Authorize the City Manager to execute any and all documents necessary for the Fifth Amendment to Lease No. 24468 with Ngoc V. Pham and Nhien T. Bui, Husband and Wife (Successors in Interest) as Joint Lessees, for Office Space located at 1957 Pacific Avenue for the continued operation of the Long Beach Police Department, Youth Services Division, for a five-year term at an initial monthly base rent of \$9,200. (District 6)

## DISCUSSION

Since 1995, the Long Beach Police Department, Youth Services Division (Division), has leased the office facilities at 1957 Pacific Avenue and currently has five details assigned to this office site.

On September 1, 2005, the City exercised its final option to extend Lease No. 24468 (Lease), which terminates on August 31, 2008. Earlier this year, in anticipation of the Lease being terminated, the Division conducted an extensive survey of the central Long Beach area for possible relocation sites. Based on the results of the survey, the most cost-beneficial and satisfactory office site is the Division's current facility at 1957 Pacific Avenue. A review of City-owned or City-leased office sites did not offer any viable options at this time for consolidating the Youth Services Division into existing City facilities.

The Division prefers to remain at this centrally located facility, which has been modified to meet the State requirements of providing separate facilities for juvenile offenders. To accommodate the Long Beach Police Department, a new Lease extension has been negotiated for the 11,073 square feet of office space at 1957 Pacific Avenue. The proposed Fifth Amendment to Lease No. 24468 contains the following major provisions:

- Lessor: Ngoc V. Pham and Nhien T. Bui, Husband and Wife as Joint Lessees.
- Lessee: The City of Long Beach.
- Premises: The leased premises consist of approximately 11,073 square feet of office space at 1957 Pacific Avenue, Long Beach.

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- Length of Term: The term shall commence on September 1, 2008 and terminate on August 31, 2013 (5 year term).
- Option to Renew: There shall be two options to renew for a period of three years each.
- Rent: The monthly base rent for the leased premises shall be as follows:

Months 1 – 12	\$9,200 (\$0.83 per square foot)
Months 13 – 24	\$10,000 (\$0.90 per square foot)
Months 25 – 36	\$10,300 (\$0.93 per square foot)
Months 37- 48	\$10,609 (\$0.96 per square foot)
Months 49 – 60	\$10,927 (\$0.99 per square foot)

The effective base rent for the new 60-month term shall be \$0.92 per square foot per month. This rate is considered to be very competitive for central Long Beach office space.

- Right to Cancel: The Lessor shall grant the Lessee the one-time right to cancel the Lease between the thirty-sixth (36<sup>th</sup>) and the thirty-ninth (39<sup>th</sup>) month of the extended Lease term subject to (1) Lessee providing Lessor with 270 days prior written notice and (2) Lessee paying the unamortized costs of the building improvements and brokers' commissions to the Lessor.
- Utilities, Services and Taxes: The City shall continue to pay for all utilities, janitorial services, and property taxes at 1957 Pacific Avenue. Per the terms of the existing Lease, the Proposition 13 protection shall apply to the extended Lease term for an annual amount of \$6,466.
- Building Improvements: The Lessor, at the Lessor's sole cost and expense, shall provide the following improvements to the building:
  - a) Replace the roof.
  - b) Repair water damaged areas and ceilings from the roof leaks.
  - c) Parking lot repair/sealing/stripping.
  - d) Remodel the kitchen with new counters, sink, disposal and range.
  - e) Clean all Air-ducts throughout Premises.
  - f) Paint exterior of the building.
  - g) Provide an allowance for new carpet.
  - h) Install blinds or sun shades on the south side of the building.
  - i) Rebalance the HVAC system.

In order to determine the specifications of the above-listed items, Lessor and Lessee shall share the cost equally (not to exceed \$6,000) to engage the services of a space planner who will prepare a Site Assessment Report, develop a scope of work, prepare construction documents, develop color and material guidelines, manage the construction bidding process and oversee the construction phase of the building improvement project.

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- Sustainable Office Environment: The Lessor and Lessee will endeavor to incorporate design guidelines in the tenant improvement project that provide a sustainable office environment.

This letter was reviewed by Deputy City Attorney Gary Anderson on July 28, 2008 and Budget Management Officer Victoria Bell on July 31, 2008.

#### TIMING CONSIDERATIONS

City Council action is requested on August 19, 2008 in order to formalize an agreement for the continued occupancy of the site.

#### FISCAL IMPACT

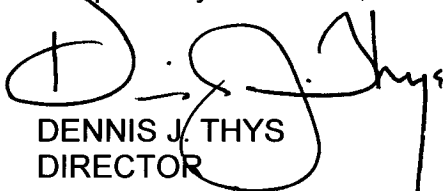
The total FY 08 costs for the Fifth Amendment to Lease No. 24668 are estimated to be \$11,867. Of this amount, the base rent payment is estimated to be \$9,200 and utilities are estimated to be \$2,667. Sufficient funds are currently appropriated in the General Fund (GP) in the Police Department (PD) to support this activity until September 30, 2008.

The total FY 09 costs for the Fifth Amendment to Lease No. 24468 are estimated to be \$152,666. Of this amount, base rent payments are estimated to be \$111,200, utilities are estimated to be \$32,000 and property taxes are estimated to be \$6,466. The estimated one-time cost for space planning services shall be \$3,000. Sufficient funds are included in the FY 09 Proposed Budget in the General Fund (GP) in the Police Department (PD) to support this activity.

#### SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



DENNIS J. THYS  
DIRECTOR  
DEPARTMENT OF COMMUNITY DEVELOPMENT

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APPROVED:

  
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PATRICK H. WEST  
CITY MANAGER