

August 22, 2023

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager, or designee, to execute the Third Amendment to Office Lease No. 34494 between Tower 222 SP, LLC, a Delaware limited liability company (Landlord), and the City of Long Beach (Tenant), and any and all documents necessary to extend Sublease No. 35014 between the City of Long Beach (Sublandlord) and the State of California Employment Development Department (Subtenant) for the continued use of office space at 222 West 6th Street, Suite 410, San Pedro, California, through June 30, 2024. (Citywide)

DISCUSSION

On November 22, 2016, the City Council authorized the execution of Lease No. 34494 (Lease) between 222 West Sixth Street, LLC, predecessor-in-interest to Landlord, and the City of Long Beach (City), for approximately 8,020 square feet of office space at 222 West 6th Street, Suite 410, San Pedro (Premises), for the relocation and continued operation of the Harbor Gateway WorkSource Center (HGWSC). On September 19, 2017, the City Council authorized the First Amendment to the Lease to incorporate an additional 1,175 rentable square feet (Suite 480), into the Premises for the YouthSource Center. On November 15, 2022, the City Council authorized the Second Amendment to the Lease to relinquish Suite 480 and to extend the term of Suite 410 through June 30, 2023. Further, the State of California Employment Development Department (EDD), through Sublease No. 35014 (Sublease), utilizes space at the Premises to administer the Employment Services program and to provide labor exchange services to job seekers and veterans. The Lease and Sublease are currently both on month-to-month holdover status.

Through a contract with the City of Los Angeles Economic and Workforce Development Department (LAEWDD), the HGWSC assists approximately 1,500 job seekers per month with no-cost job training and employment placement services and serves as America's Job Center of California (AJCC) for the San Pedro/Harbor Area. All services are provided under the guidance of the Workforce Development Board, also known as the Pacific Gateway Workforce Innovation Network (PGWIN), which administers the communities' collective annual federal training funds. The City's contract with LAWEDD to provide WorkSource services was recently extended through June 30, 2024.

To ensure HGWSC's continued operation at the Premises, a proposed Third Amendment has been negotiated containing the following major terms and provisions:

- **Landlord**: Tower 222 SP, LLC, a Delaware limited liability company.
- **Tenant**: City of Long Beach, a municipal corporation.
- **Premises**: Approximately 8,020 rentable square feet of office space located at 222 West 6th Street, Suite 410, San Pedro.
- **Use**: General offices for the Harbor Gateway WorkSource Center (HGWSC).
- **Extended Term**: Twelve (12) months commencing July 1, 2023 and expiring on June 30, 2024.
- **Renewal Options**: None.
- **Base Rent**: Full-Service Gross at \$2.75 per square foot (\$22,055 per month).
- **Holdover Rent**: If the Premises are not vacated by June 30, 2024, rent will increase to 500 percent (500%) of the Base Rent.
- **Base Year/Operating Expenses**: The Base Year will be reset to calendar year 2023. Effective January 1, 2024, Tenant will be responsible for its pro rata share equal to 2.74 percent of any increases in operating expenses above Base Year 2023.
- **Landlord Termination Right**: Landlord reserves the right to terminate the Lease at any time by providing one hundred twenty (120) days' advance written notice, should one or more of the following conditions arise: (a) Landlord is required to satisfy mandatory structural upgrade retrofit; or (b) Landlord elects to reconstruct, remodel and/or seismically retrofit any part of the Premises or Building.

All other remaining terms and provisions of the Lease will remain in full force and effect. The Sublease will be extended to expire conterminously with the Lease on June 30, 2024.

This matter was reviewed by Deputy City Attorney Monica J. Kilaita on July 31, 2023 and by Budget Management Officer Nader Kaamoush on August 7, 2023.

TIMING CONSIDERATIONS

City Council action is requested on August 22, 2023, to execute the Third Amendment in a timely manner.

LEVINE ACT

This item is subject to the Levine Act. The Mayor, Councilmembers, and Commissioners who have received a contribution of more than \$250 within 12 months prior from a party, participant, or their representatives involved in this proceeding may do either of the following: (1) disclose the contribution on the record and recuse themselves from this proceeding; OR (2) return the portion of the contribution that exceeds \$250 within 30 days from the time the elected official knew or should have known about the contribution and participate in the proceeding.

All parties, participants, and their representatives must disclose on the record of this proceeding any contribution of more than \$250 made to the Mayor or any Councilmembers within 12 months prior to the date of the proceeding. The Mayor, Councilmembers, and Commissioners are prohibited from accepting, soliciting, or directing a contribution of more than \$250 from a party, participant, or their representatives during a proceeding and for 12 months following the date a final decision is rendered.

FISCAL IMPACT

The base rent for the additional lease term of twelve months will be \$22,055 per month for a total of \$264,660 through June 30, 2024, which includes operating costs through December 31, 2023. Any increases to operating expenses beginning January 1, 2024, will be limited to 2.74 percent of increases in operating expenses above base year 2023, which is unknown at this time. These costs are supported by grants made available through LAEWDD and WIOA funds. Sufficient funds are currently budgeted in the Community Development Grants Fund Group in the Economic Development Department. Approval of this recommendation will provide continued support to the local economy and residents. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is an anticipated positive local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,

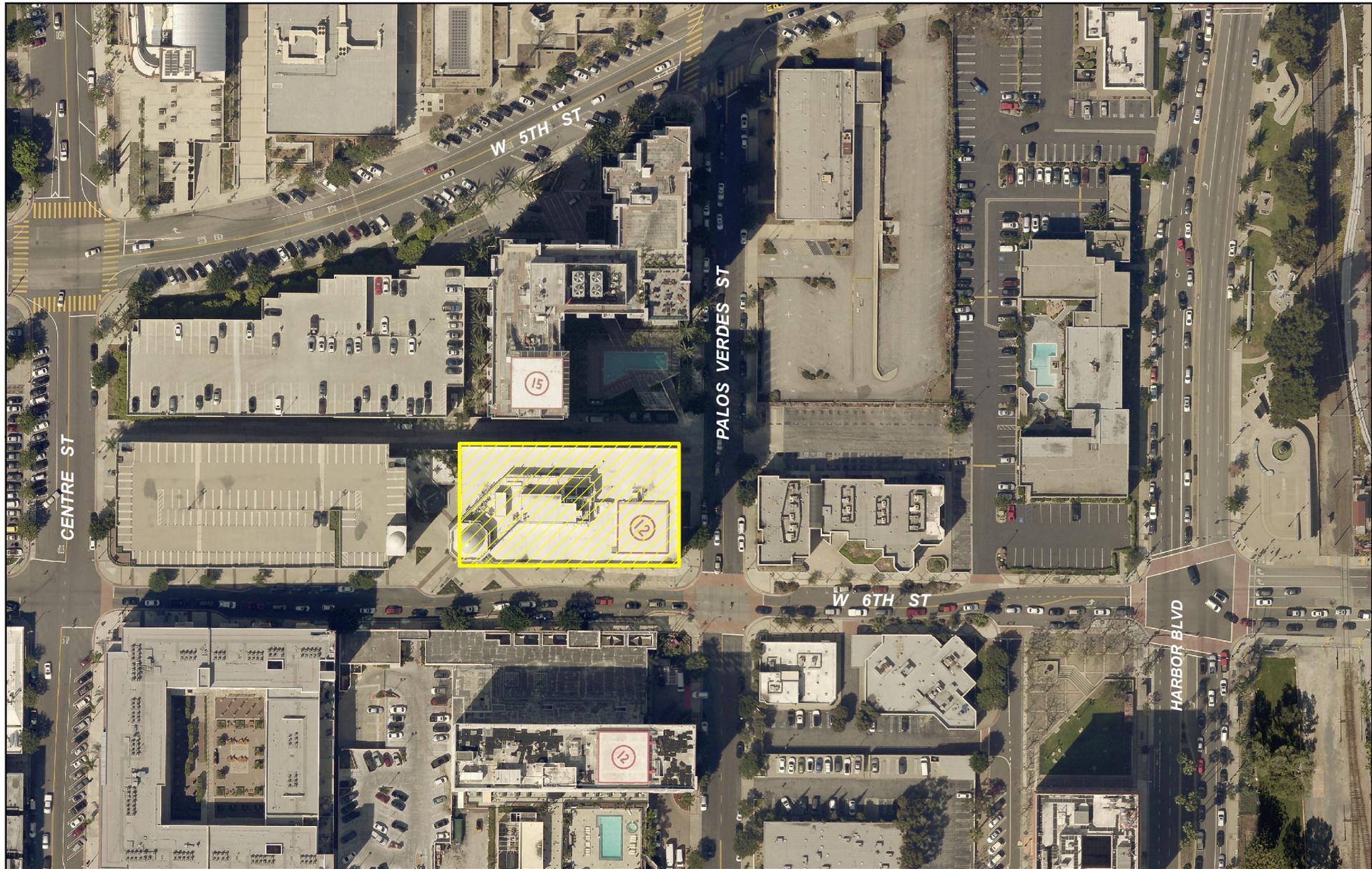


BO MARTINEZ
DIRECTOR
ECONOMIC DEVELOPMENT

APPROVED:

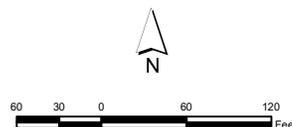


THOMAS B. MODICA
CITY MANAGER



Subject Property:
222 W 6th St
San Pedro, Ca
Council District : N/A

Attachment



LEVINE ACT DISCLOSURE STATEMENT

California Government Code Section 84308, commonly referred to as the "Levine Act," prohibits any Long Beach City Councilmember, the Mayor, and Commissioner ("City Officer") from participating in any action related to a proceeding if they receive any political contributions totaling more than \$250 within the previous twelve months, while a proceeding is pending, and for 12 months following the date a final decision in a proceeding concerning a license, permit, entitlement, franchise or, contract (collectively "license, permit, or contract") has been made, from the person or company awarded the said license or contract. The Levine Act also requires a City Officer that has received such a contribution to disclose the contribution on the record of the proceeding.

City Officers are listed at the following sites:

- The Mayor and Councilmembers - <https://www.longbeach.gov/officials/>
- Harbor Commissioners - <https://polb.com/commission>
- Water Commissioners - <https://lbwater.org/about-us/current-water-commissioners/>
- Planning Commissioners - <https://www.longbeach.gov/mayor/action/commissions/>
- Parks and Recreation Commissioners - <https://www.longbeach.gov/mayor/action/commissions/>
- Board of Examiners, Appeals, and Condemnation - <https://www.longbeach.gov/mayor/action/commissions/>
- Cultural Heritage Commission - <https://www.longbeach.gov/mayor/action/commissions/>
- Long Beach Community Investment Company - <https://www.longbeach.gov/lbds/hn/lbcic/>

Proposers are responsible for accessing these links to review the names prior to answering the following questions.

1. Have you or your company, or any agent on behalf of you or your company, made any political contributions of more than \$250 to any City Officer in the 12 months preceding the date of the submission of your proposals or the anticipated date of any City Council, Board, or Commission action related to this license, permit, or contract?

YES

NO

If yes, please identify the City Officer(s):

2. Do you or your company, or any agency on behalf of you or your company, anticipate or plan to make any political contribution of more than \$250 to any City Officer in the 12 months following any City Council, Board, or Commission action related to this license, permit, or contract?

YES

NO

If yes, please identify the City Officer(s):

Answering yes to either of the two questions above does not preclude the City of Long Beach from awarding a license, permit, or contract to your firm or any taking any subsequent action related to the said license, permit, or contract. It does, however, preclude the identified City Officers from participating in any actions related to this license, permit, or contract.

Date

Stella Khachatryan

Signature of authorized individual

Type or write name of authorized individual

Type or write name of company