



Building A Better Long Beach

August 17, 2009

REDEVELOPMENT AGENCY BOARD MEMBERS

City of Long Beach
California

RECOMMENDATION:

Approve and authorize the Executive Director to execute any and all documents related to the Property Management Agreement with McGann Asset Management, Inc., for the provision of property management services at Renaissance Square in an amount not to exceed \$80,000. (Central – District 6)

DISCUSSION

One of the priorities of the Central Long Beach Redevelopment Plan is to support the revitalization of commercial sites and to improve commercial corridors. In 2004 Redevelopment Agency (Agency) staff oversaw the construction of Renaissance Square (Project). The Project consists of a 12,000-square-foot, two-story, mixed-use building located at 1900 Atlantic Avenue. Union Bank of California occupies the first floor suite and provides a community-based banking program and specialized banking products, which are tailored to meet the financial needs of the community. The City of Long Beach's (City) Center for Working Families is located on the second floor and provides access to employment resources, job training and family support programs for many of the community's low-income residents. Union Bank and the City have paid nominal rents in exchange for the services they provide to the local community but proportionately pay their share to cover all of the Agency's costs to operate, manage, maintain and repair the property (common area maintenance fees).

In seeking a property manager for this unique commercial property, the City circulated a Request for Qualifications and Fee Proposal for commercial property management services. Of the three firms that responded, McGann Asset Management, Inc. was determined to be the best qualified to manage the Project based on the firm's substantial asset management experience and extensive knowledge of property management services.

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To facilitate the property management services for the Project, a Property Management Agreement has been negotiated with McGann Asset Management, Inc. The proposed Property Management Agreement contains the following major terms and conditions:

- Property Owner: Redevelopment Agency of the City of Long Beach.
- Agent: McGann Asset Management, Inc.
- Premises: 1900 Atlantic Avenue.
- Term: The initial term shall be for two years; effective upon the date the Property Management Agreement is fully executed by both parties.
- Options to Renew: The Property Owner shall have five options to renew the term of the Property Management Agreement for five separate, consecutive periods of twelve months each.
- Scope of Services: The Agent shall act as the exclusive agent and representative of the Property Owner for the purposes of operating and managing the property. Management activities shall include, but not be limited to, collecting rent, paying operating expenses, overseeing all necessary repair and maintenance work, and preparing an annual budget for the Property Owner's approval.
- Property Trust Account: In order to facilitate the procurement and payment of services, especially in the event of an emergency (e.g., plumbing leaks, security system repairs, etc.) a Property Trust Account shall be established in the name of the Property Owner for the Agent to pay operating and maintenance expenses. The Property Owner shall provide \$15,000 to set up the Property Trust Account, which will be supplemented by the tenants' monthly payments for rent and reimbursement of operating expenses. The Property Owner shall deposit additional funds, as needed, on a quarterly basis to enable the Agent to pay all Project obligations in a timely manner or sooner in response to an extraordinary emergency, such as an earthquake.
- Cost Not to Exceed: The cost shall not exceed \$80,000 and shall cover the payment of all the Project's obligations including operating expenses, long-term maintenance expenses (such as repaving the parking lot), the Agent's management fee and emergency repairs. The Agency will be reimbursed for its outlays through Union Bank's and the City's common area maintenance fees.

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It is anticipated that the above terms and costs will be sufficient to cover the Project over the next two years and through the renewals. Any changes will return to the Agency Board for approval.

SUGGESTED ACTION:

Adopt recommendation.

Respectfully submitted,



for CRAIG BECK
EXECUTIVE DIRECTOR

CB:AJB:LF:MDL