

C-9

May 18, 2021

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager, or designee, to execute all documents necessary for the Fifth Amendment to Lease No. 27103 with LALB Harbor, LLC, for warehouse space at 1400 Canal Avenue, for the continued operation of the Long Beach Police Department's crime lab and property detail. (District 1)

DISCUSSION

On February 16, 2021, the City Council authorized the execution of the Fourth Amendment to Lease No. 27103 with LALB Harbor, LLC (Lessor), for the continued operations of the Long Beach Police Department's crime lab and property detail.

Since 2001, the Long Beach Police Department (LBPB) has leased approximately 17,400 square feet (SF) of warehouse space at 1400 Canal Avenue (Leased Premises) from PCH Properties, a California general partnership, predecessor in interest to Lessor, for its crime lab and property detail functions. The current lease expired on April 30, 2021 and is currently on a month-to-month holdover status. While staff from LBPB and the Economic Development Department continue to review long-term options for the crime lab and property detail, an extension to the Lease has been negotiated extending the current term through April 30, 2026.

To facilitate the extension of the Lease term, a Fifth Amendment has been negotiated containing the following major terms and conditions:

- Lessor: LALB Harbor, LLC, a California limited liability company.
- Lessee: City of Long Beach, a municipal corporation.
- Leased Premises: Approximately 17,400 SF of industrial warehouse space on approximately 30,900 SF of land at 1400 Canal Avenue.
- Lease Term: Lease will be extended through April 30, 2026.
- Base Rent: Effective May 1, 2021, the base rent will be \$1.09 per SF or \$18,985 per month, which includes the amortization of real property taxes and insurance. Rent will be adjusted by no less than 4 percent annually.

- Annual Rent Adjustments: The Base Rent will be adjusted annually based on the Consumer Price Index (CPI) but no less than 4 percent. Historically, the annual CPI adjustment has ranged between 0.9 to 3.8 percent.

All remaining terms of Lease No. 27103 will remain in full force and effect.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on April 26, 2021 and by Budget Management Officer Rhutu Amin Gharib on April 29, 2021.

TIMING CONSIDERATIONS

City Council action is requested on May 18, 2021, to finalize and execute the Fifth Amendment to the Lease.

FISCAL IMPACT

Effective May 1, 2021, the total monthly rent payment of facilities at 1400 Canal Avenue will increase from \$18,962 to \$18,985, which represents a \$23, or less than 1 percent, monthly increase over the previous cost. The total cost of the lease for the full year of FY 21 is anticipated to be \$225,451, of which \$190,954 is budgeted in the General Fund Group in the Police Department. The remaining balance of approximately \$34,497 is unbudgeted in FY 21 and will be absorbed by reallocating budget within the Forensic Science Services Division to support the full year cost of extending the lease. The remaining years of the lease will be funded by additional reallocations from within the Police Department budget. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN KEISLER
DIRECTOR OF ECONOMIC DEVELOPMENT



ROBERT G. LUNA
CHIEF OF POLICE

APPROVED:



THOMAS B. MODICA
CITY MANAGER