

April 21, 2020

**C-2**

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

**RECOMMENDATION:**

Authorize the City Manager, or designee, to execute any and all documents necessary for the First Amendment to Lease No. 31736 with AP-Atlantic, LLC, a California limited liability company, for office space at 5166 Atlantic Avenue, for continued operation of the Health and Human Services Department's Women, Infants and Children Nutrition Program, for an additional five years, through January 31, 2026. (District 8)

**DISCUSSION**

On March 9, 2010, the City Council authorized the City Manager to execute Lease No. 31736 (Lease) with AP-Atlantic, LLC (Landlord), to house the Health and Human Services Department's (Health Department) Women, Infants and Children Program (WIC Program) at 5166 Atlantic Avenue (North Long Beach WIC Office). The WIC Program is grant-funded through the United States Department of Agriculture (USDA) and provides supplemental foods, health care referrals, and nutrition education for low-income pregnant, breastfeeding, and non-breastfeeding postpartum women, and to infants and children up to age five who are found to be at nutritional risk. The North Long Beach WIC Office is the second largest of the City's five WIC Program offices, and it serves approximately 5,025 North Long Beach area participants and their families each month.

The Lease provides for a ten-year initial term, with one consecutive five-year renewal option. While the initial term does not expire until January 15, 2021, the Health Department is desirous of exercising its renewal option and continuing its tenancy of the Leased Premises. Therefore, a First Amendment to the Lease is required to memorialize the renewal option and extension of the Lease.

The Economic Development Department has negotiated a First Amendment to the Lease, which contains the following major terms and conditions:

- Landlord: AP-Atlantic, LLC, a California limited liability company.
- Tenant: City of Long Beach, a municipal corporation.

Leased Premises: Approximately 4,079 Rentable Square Feet (RSF) of commercial office space at 5166 Atlantic Avenue in the Atlantic Plaza Center.

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- Amended Term: The Term of the Lease will be extended for five years, through January 31, 2026.
- Amended Rent: The Monthly Base Rent for the Leased Premises will be as follows:

<u>Rental Period</u>	<u>Monthly Base Rent</u>	<u>Annual</u>
January 16, 2021 to January 31, 2021	\$3,875 (\$1.90/RSF)	Pro rata
February 1, 2021 to January 31, 2022	\$7,750 (\$1.90/RSF)	\$ 93,000
February 1, 2022 to January 31, 2023	\$7,983 (\$1.96/RSF)	\$ 95,796
February 1, 2023 to January 31, 2024	\$8,222 (\$2.02/RSF)	\$ 98,664
February 1, 2024 to January 31, 2025	\$8,469 (\$2.08/RSF)	\$101,628
February 1, 2025 to January 31, 2026	\$8,722 (\$2.14/RSF)	\$104,664

The Landlord has proposed an initial Monthly Base Rent of \$1.90 per RSF, which equates to a 17 percent increase over the current Monthly Base Rent. The proposed Monthly Base Rent for the five-year extension term is within the range of competitive rental rates for the North Long Beach area.

- Operating Expenses, Utilities and Property Taxes: Tenant will continue to be responsible for its pro rata share of Operating Expenses and Property Taxes, which are referred to as Common Area Maintenance (CAM) charges, in addition to Monthly Base Rent.
- Tenant Improvement Allowance: On or before the first day of the Amended Term, Landlord will provide the Tenant with a one-time allowance of \$20,395 or \$5.00/RSF (Tenant Improvement Allowance), which may be used by the Tenant to clean/replace carpet, repaint interior walls, and any other necessary maintenance, replacements or improvements to the Leased Premises.
- Right to Terminate Early: If the Tenant loses funding for the WIC Program, then the Tenant will have the right to terminate the Lease early. Tenant will provide the Landlord with a minimum of 270 days prior written notice.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on March 26, 2020 and by Budget Management Officer Rhutu Amin Gharib on March 31, 2020.

TIMING CONSIDERATIONS

City Council action is requested on April 21, 2020, to execute the First Amendment to the Lease.

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FISCAL IMPACT

The requested amendment will extend the term of the North Long Beach WIC Office lease for an additional 5 years from the end of the initial term, through January 31, 2026. The North Long Beach WIC Program is federally grant funded by the USDA, pursuant to three-year WIC Grant Agreements, the current of which expires on September 30, 2022. The USDA has provided continuous funding for this program to the Health Department for nearly 30 years and there is no match requirement. Although the current three-year WIC Grant agreement expires on September 30, 2022, the Health Department anticipates funding for this program to continue for many years into the future, over which Staff anticipates funds to be available to support this Lease. Sufficient funds for this Lease are currently appropriated in the Health Fund Group in the Health and Human Services Department. 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



KELLY COLOPY  
DIRECTOR OF  
HEALTH AND HUMAN SERVICES

APPROVED:



THOMAS B. MODICA  
ACTING CITY MANAGER