



CITY OF LONG BEACH

DEPARTMENT OF COMMUNITY DEVELOPMENT

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802

December 12, 2006

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute the First Amendment to Lease No. 26484 with 444 W. Ocean LLC, an Arizona limited liability company, for City-owned property beneath the Queensway Bridge to amend the leased premises, extend the term of the lease, provide for periodic fair market rent adjustments and identify a 20-foot area of protection within the leased premises. (District 2)

DISCUSSION

On August 17, 1999, the City Council approved Lease No. 26484 between the City of Long Beach and 444 W. Ocean LLC (Tenant) for use of city-owned property beneath the Queensway Bridge. The property, measuring approximately 19,212 square feet, is utilized as a 70-space parking lot (Site) to augment the Tenant's parking requirements for its adjacent 15-story office structure also known as the California Bank & Trust building (Exhibit "A"). The Lease provides for a 40-year term expiring on June 30, 2039.

The Tenant is currently in the process of developing a six-level, 300-space, parking structure to be built on its property adjacent to the Site as part of its larger planned development for a future high-rise residential structure. 2003 Uniform Building Code requires the establishment of a 20-foot wide "area of protection" along and within the eastern edge of the Site prohibiting the construction or placement of any structure that would adversely affect the parking structure's fire and auto exhaust ventilation requirements. This protection area would not preclude the City from reconstructing and/or retrofitting the Queensway Bay Bridge above the Site. In the event that any future reconstruction and/or retrofit of the bridge causes the parking structure to become non-compliant with the Uniform Building Code fire and auto exhaust ventilation requirement, the Tenant at its sole cost would modify the parking structure to achieve compliance with the then current Uniform Building Code.

Additionally, development in the vicinity of the Site has triggered a related project to widen Seaside Way to accommodate four lanes of traffic. The street widening will

HONORABLE MAYOR AND CITY COUNCIL

December 12, 2006

Page 2

reduce the area of the Site to approximately 16,743 square feet, thus eliminating approximately 10 parking spaces.

To accommodate the Tenant's long-term needs, a proposed First Amendment to Lease No. 26484 has been negotiated containing the following major terms and conditions:

- **Leased Premises:** The legal description and lease area map shall be amended to reflect the change in the leased premises due to the widening of Seaside Way.
- **Term:** Because the new parking structure is built to accommodate the needs of the proposed residential structure, the Tenant foresees the continued long-term need for the Site for parking for its office building. As such the term of the Lease shall be extended an additional 15 years through June 30, 2054.
- **Rent:** The current monthly rent of \$500 shall remain in effect until March 31, 2012 as per the terms of the Lease. Beginning April 1, 2012, and every five years thereafter through the remainder of the lease term, the monthly rent shall be adjusted based on the then current fair market land value and prevailing rate of return.
- **Area of Protection:** The City agrees to maintain a 20-foot "area of protection" along and within the eastern edge of the Leased Premises free of any occupied structures. However, the "area of protection" shall not preclude the City from its ability to reconstruct and/or retrofit the Queensway Bridge. In the event the reconstruction and/or retrofit of the Queensway Bridge adversely affects the Tenant's parking structure's fire and auto exhaust ventilation requirement, the Tenant at its sole cost and expense shall modify the parking structure to then current Building Code requirements.

This letter was reviewed by Deputy City Attorney Richard F. Anthony on October 26, 2006 and Budget Management Officer David Wodynski on October 30, 2006.

TIMING CONSIDERATIONS

City Council action is requested on December 12, 2006 to execute the First Amendment in a timely manner.

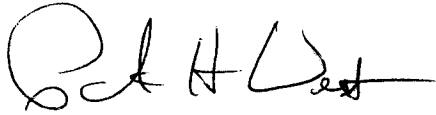
FISCAL IMPACT

Annual revenues of \$6,000 will continue to accrue to the General Fund (GP) in the Department of Community Development (CD).

SUGGESTED ACTION:

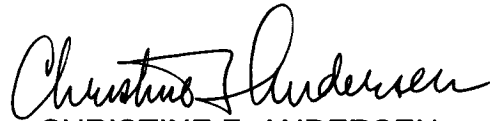
Approve recommendation.

Respectfully submitted,



PATRICK H. WEST
DIRECTOR OF
COMMUNITY DEVELOPMENT
PHW::CFA:VLA:lel

Attachment: Exhibit "A" – Lease Area Map

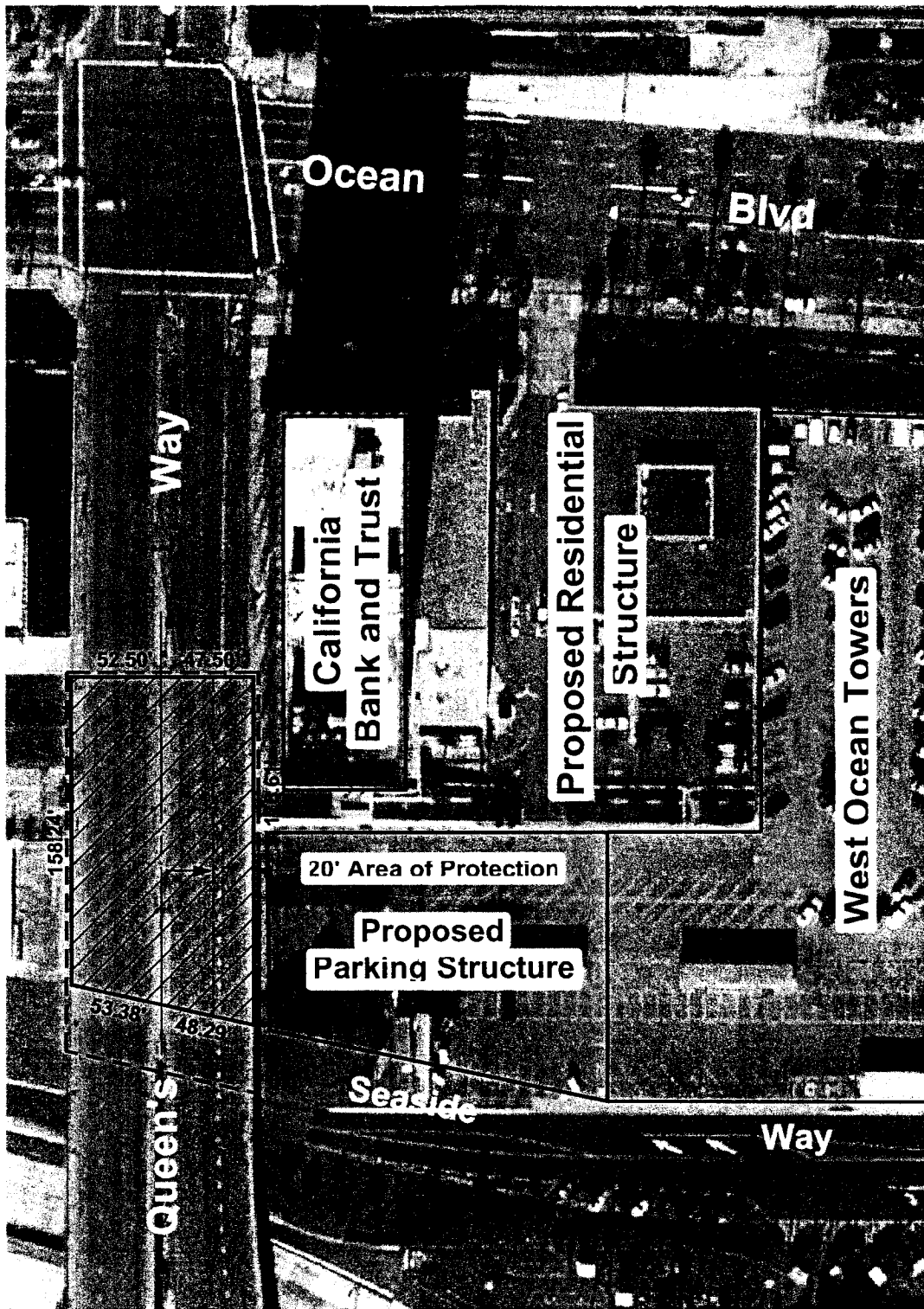


CHRISTINE F. ANDERSEN
DIRECTOR OF
PUBLIC WORKS

APPROVED:



GERALD R. MILLER
CITY MANAGER



Area of Protection

Current Leased Premises
19,212 s.f.

New Leased Premises
16,743 s.f.

CITY OF LONG BEACH - CALIFORNIA
DEPARTMENT OF PUBLIC WORKS, ENGINEERING BUREAU

Lease Area Map for Lease No. 26484

444 W. Ocean LLC

South of Ocean Blvd underneath Queen's Way Bridge