

# CITY OF LONG BEACH

# C-5

DEPARTMENT OF ECONOMIC AND PROPERTY DEVELOPMENT

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March 1, 2016

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

## RECOMMENDATION:

Authorize the City Manager to execute all documents necessary for the Second Amendment to Lease No. 34124 between the City of Long Beach (Landlord) and Social Holding, LLC, a Delaware limited liability company (Tenant), for the continued use of City-owned Oil Set Aside property in the Port of Long Beach in the City of Los Angeles.

## DISCUSSION

On September 17, 2013, the City Council authorized the City Manager to execute all documents necessary for real property occupancy agreements with public or private parties for terms not to exceed six-months with one six-month extension. This authority allows the City to execute agreements in an expeditious manner when occupancy is needed quickly. This also increases the opportunities to generate revenue from the short-term use of surplus/vacant City property.

On December 15, 2014, the City executed Lease No. 34124 with Social Holding for a six-month term, for a City-owned one-acre parcel located in the City of Los Angeles near Oil Area 31A (Attachment), for the storing of an oil rig and ancillary equipment. Social Holding purchased this equipment with the anticipation of quick utilization; however, the sudden drop in oil prices deemed the costs of drilling to be prohibitive at that time.

On June 23, 2015, the First Amendment to Lease No. 34124 was executed to extend the term of the Lease for an additional six-month term, which expired on December 15, 2015. Social Holding remains on the property under the terms of the Lease on a month-to-month holdover. With the continued decrease in oil prices, Social Holding would like to continue storage of its equipment until such time as the equipment is needed, or the proposed project is terminated. The Long Beach Gas and Oil Department is amenable to the continued leasing of this property. Further City Council approval is necessary to modify Lease No. 34124.

The proposed Second Amendment to the Lease will contain the following major terms and provisions:

- Term: The term of the Lease shall be extended for an additional two-year period and shall terminate on December 14, 2017.

- Right to Terminate: Tenant shall have the right to terminate the Lease at any time by providing Landlord with a minimum of one (1) month prior written notification.
- Rent: Effective March 1, 2016, the monthly base rent for the Leased Premises shall increase from \$6,534 to \$8,712 per month. This rate represents an increase of \$2,178 per month and brings the rate in line with similar longer term leases in the Port of Long Beach.

All other remaining terms and provisions of Lease No. 34124 shall remain in full force and effect.

This matter was reviewed by Deputy City Attorney Richard F. Anthony and by Budget Management Officer Victoria Bell on December 31, 2015.

TIMING CONSIDERATIONS

City Council action on this matter is requested on March 1, 2016, in order to execute the Second Amendment in a timely manner and formalize continued occupancy of the Leased Premises.

FISCAL IMPACT


Monthly lease revenue in the amount of \$8,712 shall accrue to the Tidelands Oil Revenue Fund (NX 420) in the Long Beach Gas and Oil Department (LBGO). There is no local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,

  
MICHAEL P. CONWAY  
DIRECTOR OF ECONOMIC  
AND PROPERTY DEVELOPMENT

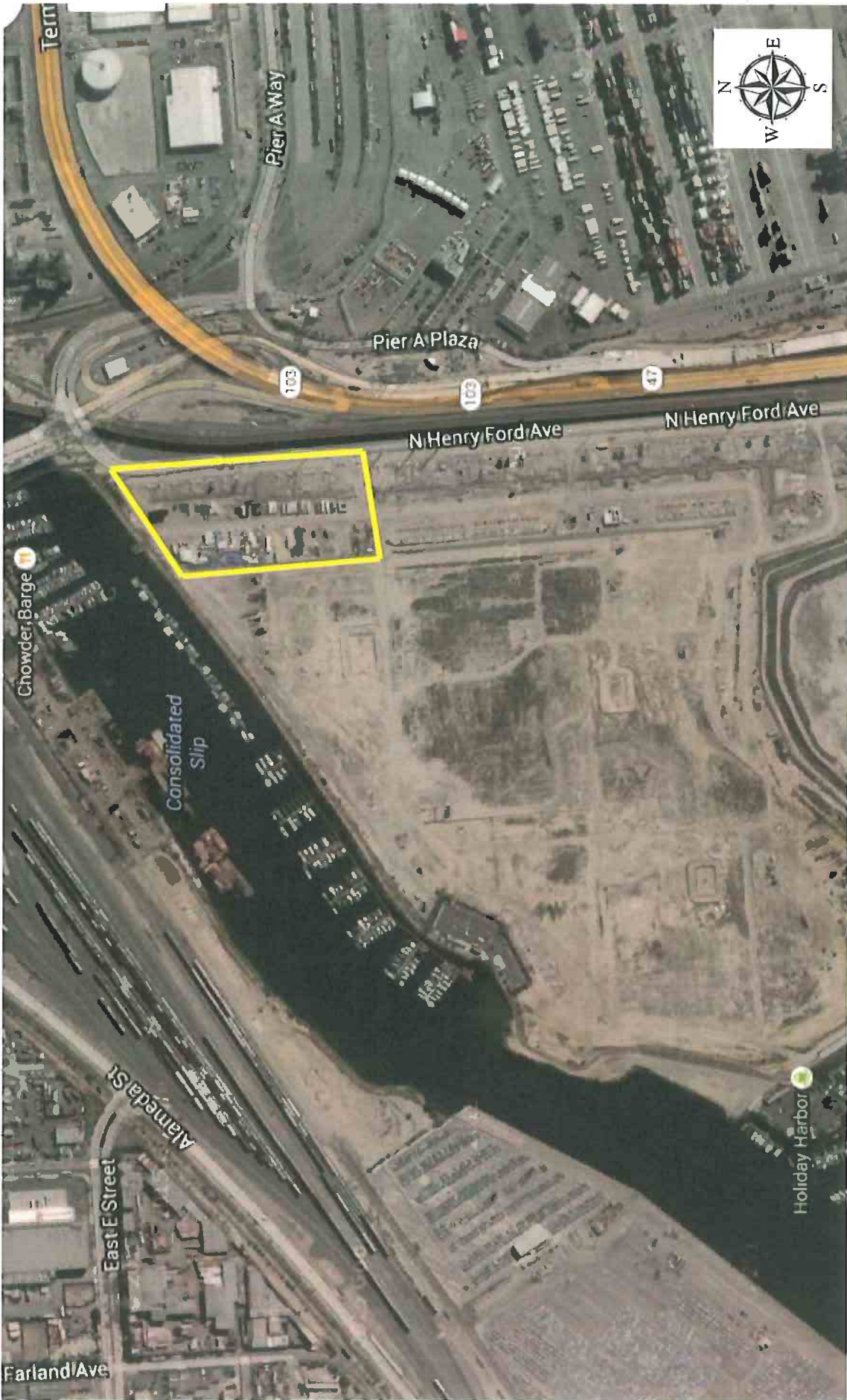
  
EDWARD FARRELL  
ACTING DIRECTOR OF  
LONG BEACH GAS AND OIL

MPC:rgm  
Attachment

APPROVED:

  
PATRICK H. WEST  
CITY MANAGER

**ATTACHMENT**



 **Leased Premises**