



CITY OF LONG BEACH

C-14

DEPARTMENT OF COMMUNITY DEVELOPMENT

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802

April 3, 2007

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute the First Amendment to Lease No. 27624 by and between 444 W. Ocean, LLC, an Arizona limited liability company, and the City of Long Beach for City-leased office space at 444 West Ocean Boulevard, Suites 1700 and 1720, for the Neighborhood Services Bureau of the Department of Community Development for a five-year extended term at the initial monthly base rent of \$13,931. (District 2)

DISCUSSION

On January 22, 2002, the City Council authorized the execution of Lease No. 27624 between 444 W. Ocean, LLC (Landlord), and the City of Long Beach for approximately 6,431 rentable square feet (RSF) of office space at 444 West Ocean Boulevard, Suite 1700, to house the administrative and grants staff of the Department of Community Development's Neighborhood Services Bureau.

The Neighborhood Services Bureau administers the Federal Community Development Block Grant (CDBG) Program, coordinates the Neighborhood Improvement Strategy (NIS), administers the Long Beach Family Safety Initiative and is the staff support to the Community Development Advisory Commission. Additionally, the Bureau offers certain other services to assist residents and community groups improve the quality of life in Long Beach neighborhoods. To facilitate these various programs, field staff provides individual assistance at the Atlantic Avenue Neighborhood Resource Center and the four storefront Community Police Centers, as well as making presentations to the community at monthly meetings and special events.

To further enhance the Bureau's programs, Community Development's Housing Rehabilitation Division is being reassigned from the Housing Services Bureau (located at 110 Pine Avenue, Suite 1200) to the Neighborhood Services Bureau. This reassignment will allow the Housing Rehabilitation Division to better coordinate and market its services with the Neighborhood Improvement Division, which offers housing improvement grants and the Code Enforcement Division. Additionally, the restructuring

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of both bureaus will permit the Housing Services Bureau to focus its efforts entirely on the development of affordable housing.

Lease No. 27624 will terminate on April 30, 2007 and includes an option to extend the term for an additional five years. An amendment to Lease No. 27624 has been negotiated and provides for the continued occupancy of Suite 1700 by negotiation terms to extend and by leasing an additional 1,099 RSF of adjacent office space for the Housing Rehabilitation Division.

The proposed First Amendment to Lease No. 27624 contains the following major provisions:

- Premises: The entire leased premises shall be comprised of approximately 7,530 RSF of office space at 444 West Ocean Boulevard (Suite 1700 contains approximately 6,431 RSF and Suite 1720 contains approximately 1,099 RSF).
- Length of Term: The term of the lease for Suite 1700 shall be extended for an additional five years commencing on May 1, 2007. Pending completion of the tenant improvements within the additional leased premises, the term for Suite 1720 shall commence on or about June 1, 2007.

The termination date for the entire leased premises shall be April 30, 2012.

- Option to Extend: The City shall have one additional five-year option to extend the term of the Lease.
- Rent: Effective May 1, 2007, the current monthly base rent for Suite 1700 shall continue at \$1.85 per RSF or approximately \$11,897 for the first year of the extended term. Upon completion of tenant improvements for Suite 1720, the monthly base rent for the entire leased premises shall increase to approximately \$13,931 (7,530 RSF at \$1.85 per RSF). The monthly base rent shall increase annually, every May 1st, by a fixed rate of 3 percent. This is considered very competitive for office lease rates in the downtown Long Beach area.
- Parking: The Landlord shall provide ten additional unreserved parking stalls for a total of 35 parking stalls. The parking fee shall be fixed at the current prevailing market rate of \$70 per unreserved parking stall for the first twelve months of the term.
- Tenant Improvements: The Landlord, at Landlord's sole cost and expense, shall provide a "turn-key" improvement package for Suite 1720 based upon plans that have been mutually approved by both Landlord and City. The tenant

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improvements include the complete build out of an unimproved space. The Landlord shall also provide a cable and fixture allowance in the amount of \$2,198 to be used toward the installation of new voice/data cabling and equipment.

The Landlord shall provide a tenant improvement allowance for Suite 1700 in the amount of \$25,724 (\$4 per RSF). The allowance may be used for new carpet, paint and towards the cost of installing new voice/data cabling equipment within Suite 1700. The City may apply any unused portion of the tenant improvement allowance toward the monthly base rent at the end of the term until fully credited.

With the exception of the above changes, all other terms, covenants and conditions in Lease No. 27624 will remain in effect.

This letter was reviewed by Deputy City Attorney Richard F. Anthony on March 19, 2007, and Budget and Performance Management Bureau Manager David Wodynski on March 23, 2007.

TIMING CONSIDERATIONS

City Council action is requested on April 3, 2006, to allow time for the completion of the real estate transaction prior to the expiration of the current term.

FISCAL IMPACT

Annual rental payment for Fiscal Year 2007 (FY 07) shall be approximately \$150,900, comprised of \$83,281 under the current lease terms and \$67,621 under the First Amendment Terms.

Sufficient funds to cover rental payments for FY 07 are currently appropriated in the Community Development Grant Fund (SR 150) in the Department of Community Development (CD) to support this agreement. There is no impact to the General Fund.

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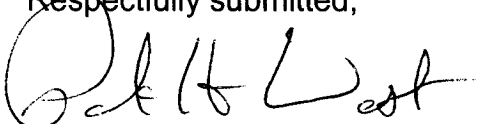
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SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



PATRICK H. WEST

DIRECTOR OF COMMUNITY DEVELOPMENT

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APPROVED:



GERALD R. MILLER
CITY MANAGER