



CITY OF LONG BEACH

R-25

DEPARTMENT OF PUBLIC WORKS

333 West Ocean Boulevard 9th Floor • Long Beach, CA 90802 • (562) 570-6383 • Fax (562) 570-6012

August 13, 2013

RECOMMENDATION:

Authorize the City Manager to execute any and all documents necessary for the Third Amendment to Lease No. 23033 with the Automobile Club of Southern California, a California corporation, for City-leased office space at 4800 Los Coyotes Diagonal, for the continued occupancy by the Long Beach Police Department, East Patrol Division. (District 4)

DISCUSSION

On August 3, 1993, the City Council authorized the execution of Lease No. 23033 between the Automobile Club of Southern California (Landlord) and the City of Long Beach for a one-story office building at 4800 Los Coyotes Diagonal (Leased Premises) to house the Long Beach Police Department, East Patrol Division (East Division) for a 10-year term. The Lease was further extended under the First and Second Amendments, respectively, for additional five-year terms. The Lease will expire on October 31, 2013, and under the provisions of the Second Amendment, the City may further extend the term for an additional three-year period.

Since 2007, the City has been pursuing ownership of the 4.73-acre former U.S. Army Reserve Center, also known as Schroeder Hall (Schroeder), at 3800 E. Willow Street, through the Base Realignment and Closure (BRAC) process for the relocation of the East Division. A prerequisite for transfer of Schroeder is a Reuse and Homeless Assistance Plan, to provide certain services to the homeless community. In August 2008, the City executed a Legally Binding Agreement with Mental Health America to implement the Homeless Assistance Plan through a Homeless Healthcare Access Program (Program). In September 2010, the U.S. Army prepared a Finding of Suitability of Transfer and approved a Public Benefit Conveyance for Schroeder for East Division's use of the site. In March 2013, the City Council authorized the acquisition of property at 1955-1965 Long Beach Boulevard for the accommodation of the Program.

Concurrently, the City has been working diligently to complete the steps necessary for the relocation of the East Division to Schroeder. This includes the environmental review, the formal conveyance of the property, planning for and construction of tenant improvements to the facility and relocation of the East Division staff and equipment. This process is anticipated to be completed in late summer/early fall of 2014. Thereafter, the City will need to make any lease-required repairs and restoration of the Leased Premises.

The Lease will terminate on October 31, 2013. At this time, staff anticipates the need for an additional year of occupancy in order to fully complete the tasks for the relocation of East Division to Schroeder and the restoration of the Leased Premises. In an effort

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to provide flexibility as the process unfolds, City staff have negotiated the Third Amendment to Lease No. 23033 for the Leased Premises containing the following major terms and provisions:

- Landlord: Automobile Club of Southern California.
- Tenant: City of Long Beach.
- Leased Premises: Approximately 7,002 square feet of office space at 4800 Los Coyotes Diagonal.
- Term: Subject to the Early Termination provision below, the term of the Lease shall be extended for an additional three-year period and shall terminate on October 31, 2016.
- Early Termination: Tenant may terminate the Lease by providing Landlord with nine month's prior written notification. The effective date of termination shall be no earlier than October 31, 2014. A termination fee equal to four months of the monthly base rent shall apply if Tenant exercises its right to early termination.
- Rent: Effective November 1, 2013, the base rent shall decrease from \$14,580 per month to \$13,654 per month (\$1.95 per square foot). Thereafter, the base rent shall increase annually by three percent (3%).

All other remaining terms and provisions of Lease No. 23033 shall remain in full force and effect.

This matter was reviewed by Deputy City Attorney Gary J. Anderson on July 17, 2013 and Budget Management Officer Victoria Bell on July 26, 2013.

TIMING CONSIDERATIONS

Under the provisions of the Second Amendment, the option to extend the term is contingent on City Council's approval within 60 days of mutual agreement of the new rental rate. City Council action is requested on August 13, 2013, in order to execute the Third Amendment and formalize the City's continued occupancy of the Leased Premises.

FISCAL IMPACT

Assuming early termination of the Lease on October 31, 2014, total annual rental costs for one additional year of occupancy at the Leased Premises are approximately \$260,476. Of this amount, base rent payments are \$163,848, the early termination fee is \$54,616, and annual operating expenses (utilities, services, taxes, etc.) are approximately \$42,012. Sufficient funding is proposed in the General Fund (GP) in the Police Department (PD) in the FY 14 budget. There will be no local job impact associated with this recommendation.

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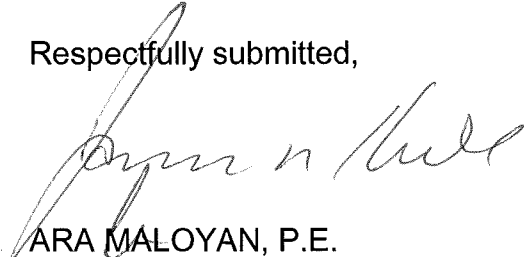
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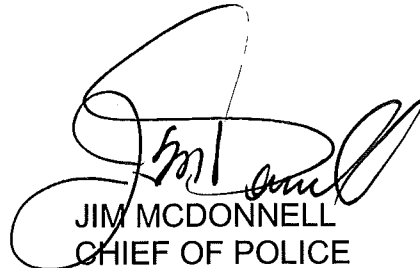
SUGGESTED ACTION:

Approve recommendation.

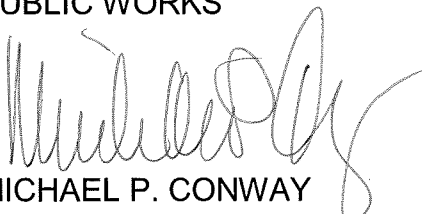
Respectfully submitted,



ARA MALOYAN, P.E.
ACTING DIRECTOR OF
PUBLIC WORKS




JIM MCDONNELL
CHIEF OF POLICE



MICHAEL P. CONWAY
DIRECTOR OF BUSINESS
AND PROPERTY DEVELOPMENT

AM:JM:MPC:JMLR
Third.Amend 23033.AAA.08.13.2013 v3.doc

APPROVED:



PATRICK H. WEST
CITY MANAGER