



# CITY OF LONG BEACH

# C-10

DEPARTMENT OF ECONOMIC AND PROPERTY DEVELOPMENT  
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May 3, 2016

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

## RECOMMENDATION:

Authorize the City Manager, or designee, to execute all documents necessary for the Third Amendment to the St. Mary Physicians Center Medical Office Lease (Contract No. 24687) with HTA – St. Mary Physicians Center, LLC, for the use of medical office space located at 1043 Elm Avenue, Suite 401, for the continued operation of the Department of Health and Human Services' Women, Infants and Children Nutrition Program. (District 6)

## DISCUSSION

On July 2, 1996, the City Council authorized the execution of St. Mary Physicians Center Medical Office Lease No. 24687 for office space at 1043 Elm Avenue, Suite 401 (Leased Premises), in the St. Mary Medical Center complex for the establishment of the Department of Health and Human Services' Women, Infants, and Children (WIC) Nutrition Program (WIC Program). The WIC Program is a federally-funded supplemental nutrition program that provides monthly food vouchers, nutrition and breastfeeding education, and referrals to health and social services for low-income, pregnant and postpartum women, infants and young children. The St. Mary WIC office is the largest of the City's five WIC sites and serves approximately 9,000 participants per month in the Central Long Beach area. The facility is conveniently located within WIC's demographic service area and is accessible via several major public transportation corridors.

In November 2006, the City Council authorized the First Amendment to Lease No. 24687, whereby the term was extended for ten years until October 31, 2016. In April 2010, the City Council authorized a Second Amendment to expand the Leased Premises.

In order to secure the current location for continued WIC operations, the Third Amendment to Lease No. 24687 has been negotiated containing the following major terms and conditions:

- Lessor: HTA – St. Mary Physicians Center, LLC.
- Lessee: City of Long Beach, a municipal corporation.
- Leased Premises: Approximately 5,169 rentable square feet (RSF) of office space located at 1043 Elm Avenue, Suite 401.

- Term: Lease shall be extended for sixty-two (62) months through December 31, 2021.
- Rent: The initial base rent shall be reduced from \$14,332 per month to \$11,630 per month (\$2.25 per square foot) and shall increase annually by 3 percent (3%). The initial base rent represents a 23 percent (23%) reduction in the current monthly base rent paid by the Lessee under the Lease. This is a full-service gross rate, which includes utilities, common area maintenance, janitorial services, property taxes and insurance.
- Rent Concessions: The monthly base rent for months two (2) and thirteen (13) of the Lease Term shall be fully abated for a savings of \$23,260.
- Tenant Improvements: Lessor shall provide a \$5.00 per RSF, or \$25,845 tenant improvement allowance, for improvement work to the Leased Premises.
- Early Termination: Lessee shall have the ongoing right to terminate the Lease upon nine (9) months written notification to the Landlord by providing reasonable evidence of non-sufficient funding for the WIC Program to continue operating at the Leased Premises.
- Option to Renew: Lessee shall have one option to renew the Lease for an additional period of five (5) years. If exercised, the initial rent for the option period shall be at the then prevailing market rate for space comparable to the Leased Premises in the Building.

All other remaining terms and provisions of Lease No. 24687 shall remain in full force and effect.

This matter was reviewed by Deputy City Attorney Gary J. Anderson on April 13, 2016 and by Budget Management Officer Victoria Bell on April 15, 2016.

#### TIMING CONSIDERATIONS

City Council action on this matter is requested on May 3, 2016, to execute the Third Amendment in a timely manner.

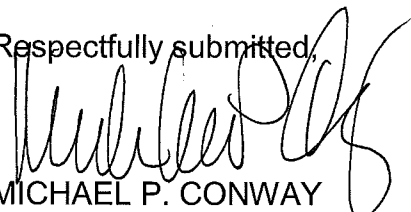
#### FISCAL IMPACT

Annual Lease payments for the first year of the extension inclusive of the rent concessions shall be \$127,930, which represents an approximate \$44,054 savings from the current Lease terms. Sufficient grant funding is appropriated in the Health Fund (SR 130) in the Department of Health and Human Services (HE). The WIC Program is federally-funded by the U.S. Department of Agriculture. 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



KELLY COLOPY  
DIRECTOR OF HEALTH  
AND HUMAN SERVICES

MPC:MTB

APPROVED:



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PATRICK H. WEST  
CITY MANAGER