



# CITY OF LONG BEACH

DEPARTMENT OF ECONOMIC AND PROPERTY DEVELOPMENT  
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May 2, 2017

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

## RECOMMENDATION:

Authorize the City Manager to execute the Fourth Amendment to Lease No. 24851 (Lease) between Bojaro, LLC, a California limited liability company, and Gregory R. Gill and Tomilee Tilley Gill, trustees of the Gill Family Trust (collectively, Landlord) and the City of Long Beach (Tenant) for office space at 236 E. 3rd St., Suites 205 and 230, for the Video Communications Division of the Technology and Innovation Department. (District 2)

## DISCUSSION

On October 22, 1996, the City Council authorized the execution of Lease No. 24851 for a five-year term at 236 E. 3rd St., Suites 205 and 230, for approximately 4,352 square feet of office space to house the Video Communications Division (VCD) of the Technology and Innovation Department. VCD operates and manages the City's cable channel, LBTv, which produces nearly 300 hours of locally originated programming annually. Additionally, VCD relays City information, via cable television, internet and social media, to Long Beach residents. In addition, VCD assists with cable-related consumer complaints, and provides other programming services, including departmental training videos as requested. On October 16, 2001, March 13, 2007 and April 3, 2012, the City Council authorized the First, Second and Third Amendments, respectively, to further extend the Lease term for an additional five years each. Lease No. 24851 terminated on February 28, 2017, and the City remains in possession of the premises on a holdover status, as allowed under the Lease.

The VCD is currently located in a two-story building on 3rd Street, adjacent to The Promenade and across from City Place and Studio 111. The configuration of the leased space and its open ceilings provide a preferred layout for television studio production, given the need to use extensive equipment and lighting. The facility's location is within walking distance of City Hall and allows for convenient access for City-elected officials and staff responsible for hosting various programs produced at LBTv. Additionally, the leased premises are connected to Charter Spectrum's and Frontier FIO's distribution center via fiber optic cable. This connection provides for stability and a quality signal for the distribution of LBTv throughout the community.

In anticipation of the termination of the Lease, a citywide search and review of other potentially suitable office properties was conducted. The search yielded four alternative sites for relocation within the Downtown area. All but one of the alternative sites would necessitate extensive tenant improvements for television studio production (thus requiring a longer lease term), lacked convenient accessibility for the frequent moving of equipment for off-site filming, or would not accommodate an early termination without incurring high financial penalties. One of the sites is closer to City Hall and would need minimal tenant improvements. The Technology and Innovation and Economic and Property Development Departments are currently evaluating the feasibility of moving to this space and the potential relocation will be discussed during the Fiscal Year 2018 (FY 18) budget process. As a result of the evaluation and the timing of the lease expiration, staff pursued negotiations with the existing landlord for a lease extension with the right to cancel at no cost with 90 days' notice during the first 12 months of the renewed lease. This lease extension will allow VCD to remain in its current location without service interruption while the potential move to the alternative space is reviewed.

A proposed Fourth Amendment to Lease No. 24851 has been negotiated containing the following major terms and provisions:

- Landlord: Bojaro, LLC, a California limited liability company, and Gregory R. Gill and Tomilee Tilley Gill, trustees of the Gill Family Trust.
- Tenant: City of Long Beach, a municipal corporation.
- Term: The Lease shall be extended for an additional 60 months commencing March 1, 2017 and terminating on February 28, 2022.
- Rent: Effective March 1, 2017, the current monthly base rent of \$7,102 shall increase to \$7,616 (\$1.75 per RSF). Thereafter, the monthly base rent shall increase annually by five cents (\$0.05) per RSF.
- Rent Abatement: Tenant shall receive free rent for months 13, 25, and 37 of the extended term.
- Right to Cancel: Tenant shall have the right to cancel the Lease at any time within first 12 months of this Fourth Amendment by providing Landlord with 90-days prior written notification.
- Option to Renew: Tenant shall have one five-year option to further renew the Lease. If exercised, a new fair market rental rate shall be negotiated subject to further City Council approval.

All other remaining terms and provisions of the Lease shall remain in full force and effect.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on April 3, 2017 and by Budget Analysis Officer Julissa José-Murray on April 10, 2017.

#### TIME CONSIDERATIONS

City Council action is requested on May 2, 2017, to execute the Fourth Amendment and formalize the City's continued occupancy of the leased premises.

FISCAL IMPACT

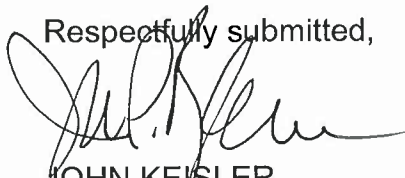
Base rent for FY 17 shall be \$91,392, comprised of \$52,666.38 under the current Lease terms and \$38,725.62 under the Fourth Amendment terms. Annual operating expenses are estimated to be approximately \$88,822 based on the current and amended Lease terms.

Sufficient funds to cover rental payments for FY 17 are currently appropriated in the General Services Fund (IS 385) in the Technology and Innovation Department (TI) to support this activity. Approval of the proposed amendment anticipates a positive local job impact.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN KEISLER  
DIRECTOR OF ECONOMIC  
AND PROPERTY DEVELOPMENT



BRYAN SASTOKAS  
DIRECTOR OF TECHNOLOGY  
AND INNOVATION

APPROVED:



PATRICK H. WEST  
CITY MANAGER