

C-3

April 13, 2021

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager, or designee, to execute all documents necessary for the First Amendment to Lease No. 33971 with West 15th LLC, for warehouse space at 600 West 15th Street, for the continued operation of the Long Beach Police Department's property and evidence storage, to extend the term to September 30, 2021. (District 1)

DISCUSSION

On August 18, 2015, the City Council authorized the execution of a lease at 600 West 15th Street (Leased Premises) for the operation of the Long Beach Police Department's (LBPd) long-term property and evidence storage. The current lease expired on January 31, 2021, and is currently on a month-to-month holdover status. The Lessor, West 15th Street LLC, informed the City of its desire to move forward with different occupancy requiring the City to relocate to a new site that meets LBPd's storage needs. To accommodate the time necessary to relocate to a new facility, the Lessor has agreed to an amendment extending the current term of the Lease until September 30, 2021.

The Base Rent will increase from \$13,665 to \$23,764 per month and the monthly Common Area Maintenance (CAM) Charges will be \$951 per month for a total monthly rent of \$24,715. Further, the City will acknowledge items to be repaired or restored per the original terms of the lease including sliding doors, removal of certain improvements such as security cameras, external Cashier's window and internal windows added at time the LBPd took occupancy, which is currently estimated at \$28,000. The City will also pay \$4,500 to the Lessor toward the repair of a steel girder, which is a structural element of the building. After these improvements, the City will have no further obligations with respect to repairing damages to structural elements of the building. Staff from LBPd and the Economic Development Department are in the process of identifying a new location for LBPd's long-term property and evidence storage.

To facilitate the extension of the Lease Term, a First Amendment has been negotiated containing the following major terms and conditions:

- Lessor: West 15th LLC, a California limited liability company.
- Lessee: City of Long Beach, a municipal corporation.

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- Leased Premises: The Leased Premises consist of approximately 19,012 square feet of industrial warehouse space with an approximate 7,125-square-foot private yard located at 600 W. 15th Street.
- Lease Term: The term of the Lease will be extended through September 30, 2021.
- Base Rent: Effective April 1, 2021, the base rent will be \$1.25 per square-foot or \$23,764 per month.
- CAM Charges: Effective April 1, 2021, CAM Charges will be \$950.60 per month, which include the amortization of real property taxes and insurance.
- Holdover Rent: In the event the City retains occupancy past September 30, 2021, Base Rent will increase 250 percent, or \$59,410 per month.
- Repairs/Restoration: Prior to expiration of the Lease Term, the City will repair or restore certain items including sliding doors, removal of security cameras, external Cashier's window, and internal windows added and pay \$4,500 towards the repair of a steel girder.

All remaining terms of Lease No. 33971 will remain in full force and effect.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on March 24, 2021 and by Budget Management Officer Rhutu Amin Gharib on March 26, 2021.

TIMING CONSIDERATIONS

City Council action is requested on April 13, 2021, to finalize and execute the First Amendment to the Lease.

FISCAL IMPACT

Effective April 1, 2021, the total monthly rent and CAM Charges payment will be in an amount of \$24,715 for a total of \$148,290 for the six month period. The City will also repair or restore the premises per the original terms of the Lease at time the LBPD took occupancy, which is currently estimated to cost \$28,000 and will also pay \$4,500 to the Lessor toward the repair of a steel girder. The total cost of the amended lease in FY 21 is approximately \$180,790, of which \$61,589 is budgeted in the General Fund Group in the Police Department. The remaining balance of \$119,201 will be absorbed in the department's current General Fund Group appropriations through operating and/or vacancy savings. Although the amended lease will result in an increased rental rate, it is necessary to give staff the time needed to locate and secure a new site and move all of the property in the warehouse, maintaining the necessary chain of custody. Any future lease and funding needs will only proceed once it has been brought to the City Council. Staff will return to the City Council with a request for authorization of a new agreement and expected costs once a relocation site has been identified. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN KEISLER
DIRECTOR OF
ECONOMIC DEVELOPMENT



ROBERT G. LUNA
CHIEF OF POLICE

APPROVED:



THOMAS B. MODICA
CITY MANAGER