

# CITY OF LONG BEACH

DEPARTMENT OF ECONOMIC AND PROPERTY DEVELOPMENT

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March 1, 2016

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

**RECOMMENDATION:**

Authorize the City Manager to execute all documents necessary for a Termination Agreement for Lease No. 23033 between the City of Long Beach and the Automobile Club of Southern California, a California corporation, for City-leased office space at 4800 Los Coyotes Diagonal. (District 4)

**DISCUSSION**

On August 3, 1993, the City Council authorized the execution of Lease No. 23033 for a 7,002 square foot (SF) facility at 4800 Los Coyotes Diagonal (Leased Premises) to be utilized as the East Division Police Substation (PD East Division). Previously used as office space for the Automobile Club of Southern California (Auto Club), the Lease provided for improvements to the Leased Premises to create offices, men's/women's locker rooms and associated shower/restroom facilities, and customary security and technology improvements to accommodate PD East Division's use. The Lease provided for an initial ten-year term, commencing November 1, 1993, and two additional five-year renewal options, which were memorialized in the First and Second Amendments for a termination date of October 31, 2013. On August 13, 2013, in anticipation of the future relocation of the PD East Division, the City Council authorized the execution of the Third Amendment, to extend the term of the Lease for an additional three-year period and provide the City with an early termination option.

The PD East Division is in the process of relocating to a new facility at 3800 E. Willow Street, a former U.S. Army Reserve Center site also known as Schroeder Hall. Consequently, the City has exercised its option for early termination. The target date for returning the Leased Premises to the Auto Club is Friday, March 11, 2016. Under the terms of the Lease, the City is responsible for restoration of the Leased Premises by removing any improvements, alterations or additions designated by the Auto Club. The scope of this work includes removal of all added interior walls and millwork, removal of locker rooms and associated showers/restrooms and removal of security and technology improvements.

In an effort to expedite PD's vacating of the Leased Premises and prepare the site for marketing for a new tenant, the Auto Club has offered to accept a lump-sum payment in lieu of fulfilling restoration obligations. This would allow the City to vacate the Leased Premises as soon as possible; thus, minimizing any additional costs associated with having to continue to pay rent and utilities for an extended period of time during the restoration process. In turn, the Auto Club would be able to mobilize more expeditiously to return the site to an active

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commercial retail use. Since the option to make payment in lieu of restoration is not currently authorized under the terms of the Lease, City Council approval is necessary. To facilitate the expeditious termination of Lease No. 23033, a Termination Agreement is proposed containing the following major terms and conditions:

- Landlord: Automobile Club of Southern California, a California corporation.
- Tenant: City of Long Beach, a municipal corporation.
- Termination Date: The target date of Termination of the Lease is March 11, 2016. The City shall be responsible for payment of prorated rent up to the actual date that the Leased Premises is returned to the Landlord.
- Restoration: In lieu of restoration as outlined in the terms of the Lease, Tenant shall pay \$28,866 representing the agreed upon value of the restoration items for which the Landlord shall then be responsible.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on December 22, 2015 and by Budget Management Officer Victoria Bell on January 13, 2016.

TIMING CONSIDERATIONS

City Council action is requested on March 1, 2016, in order to execute the Termination Agreement and vacate the Leased Premises in an expeditious manner.

FISCAL IMPACT

Sufficient funding in the amount of \$28,866 is budgeted for FY 16 in the General Fund (GF) in the Police Department (PD). 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

MPC:RL:JLR

  
ROBERT LUNA  
CHIEF OF POLICE

APPROVED:

  
PATRICK H. WEST  
CITY MANAGER