



CITY OF LONG BEACH

C-9

DEPARTMENT OF ECONOMIC DEVELOPMENT

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March 6, 2018

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 Lease No. 34124 between the City of Long Beach (Landlord) and Socal Holding, LLC, a Delaware limited liability company (Tenant), for the continued use of City-owned Oil Set Aside property in the Port of Long Beach in the City of Los Angeles.

DISCUSSION

On December 15, 2014, the City entered into Lease No. 34124 (Lease) with Socal Holding, LLC (Socal Holding), for a City-owned one-acre parcel under the purview of the Department of Gas and Oil located in the City of Los Angeles near Oil Area 31A (Exhibit A). The site is being used by Socal Holding for the storage of an oil rig and ancillary equipment. The site was originally leased under the City's short-term occupancy program, as Socal Holding anticipated quick utilization of the equipment. Due to a sustained decrease in oil prices, Socal Holding found need for extended storage of its equipment.

On June 23, 2015, also under the short-term occupancy program, the City executed the First Amendment to the Lease to extend the term to December 15, 2015. On March 1, 2016, the City Council authorized the execution of the Second Amendment to the Lease to further extend the term of the Lease through December 14, 2017. Socal Holding remains on the property under the terms of the Lease on a month-to-month holdover. The Long Beach Gas and Oil Department is amenable to the continued leasing of this property. Further City Council approval is necessary to modify the Lease.

The proposed Third Amendment to Lease No. 34124 has been negotiated and will contain the following major terms and provisions:

- Term: The Lease shall be extended for an additional two-year period and shall terminate on December 31, 2019.
- Right to Terminate: Either Landlord or Tenant shall have the right to terminate the Lease at any time by providing a minimum of one month prior written notification to the other party.
- Rent: Effective March 6, 2018, the monthly base rent for the Leased Premises shall increase from \$8,712 to \$9,235 per month. This rate represents an increase of 6

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percent to the previous base rent and brings the rate in line with similar longer-term leases in the Port of Long Beach. Effective January 1, 2019, the rate shall increase by 3 percent.

All other remaining terms and provisions of Lease No. 34124 shall remain in full force and effect.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on February 12, 2018 and by Budget Analysis Officer Julissa José-Murray on February 15, 2018.

TIMING CONSIDERATIONS

City Council action is requested on March 6, 2018, to execute the Third Amendment in a timely manner and formalize continued occupancy of the Leased Premises.

FISCAL IMPACT

Annual lease revenue of approximately \$108,205 shall accrue to the Tidelands Oil Revenue Fund (NX 420) in the Long Beach Gas and Oil Department (GO) in FY 18 and will increase to approximately \$113,313 in FY 19. There is no local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN KEISLER
DIRECTOR OF
ECONOMIC DEVELOPMENT



BOB DOWELL
DIRECTOR OF
LONG BEACH GAS AND OIL

APPROVED:

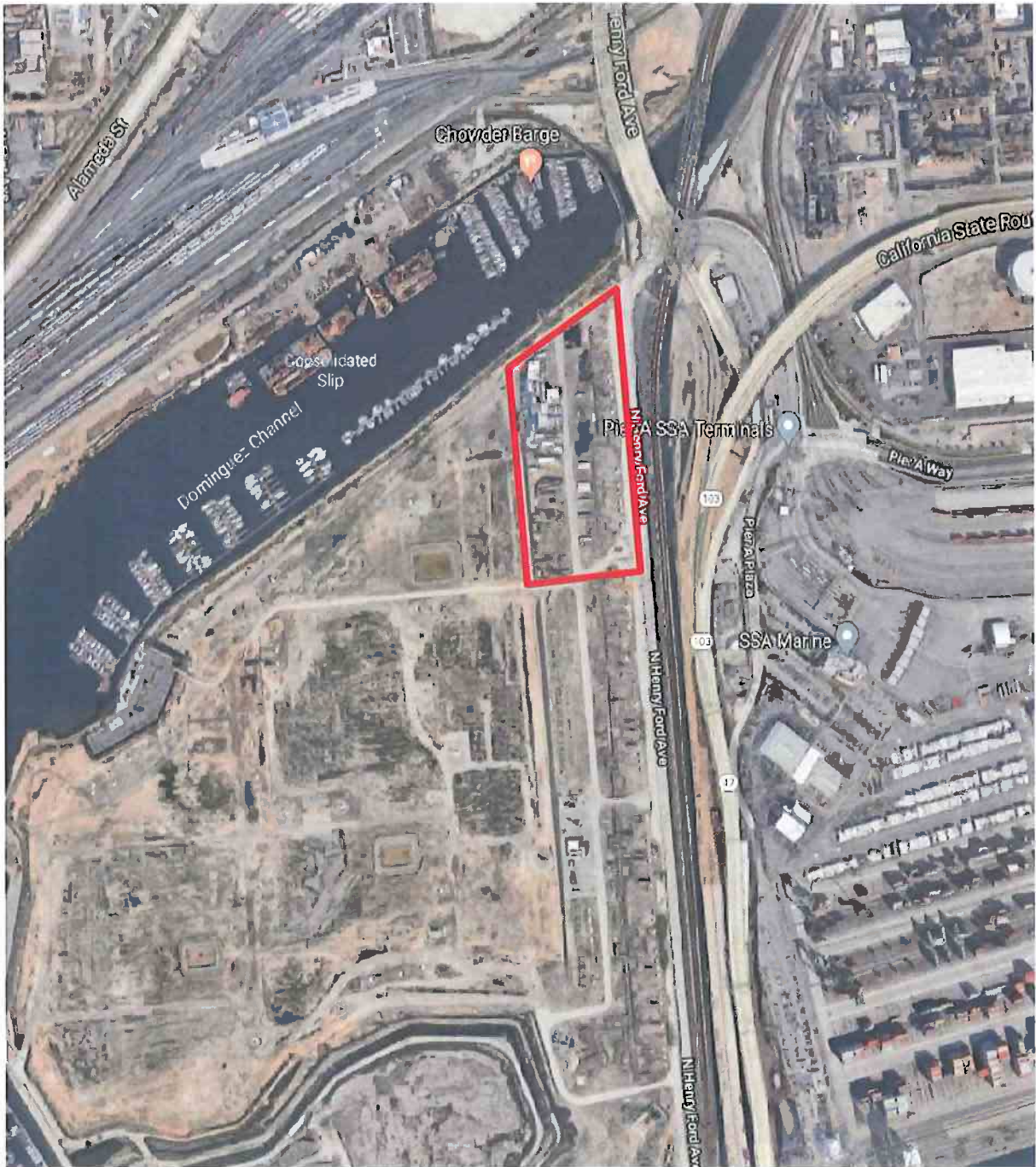

PATRICK H. WEST
CITY MANAGER


JK:lcc

Attachments:

Exhibit A – Map of Leased Premises

Exhibit A



 Leased Premises