



CITY OF LONG BEACH

C-8

DEPARTMENT OF ECONOMIC DEVELOPMENT

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December 12, 2017

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager, or designee, to execute any and all documents necessary for the Eighth Amendment to Lease No. 25165 (Lease) between PI Properties No. 22, LLC, and/or ILWU Credit Union, as successor-in-ownership (Landlord), and the City of Long Beach (Tenant), for the continued operation of the Career Transition Center by the Workforce Development Bureau in the Department of Economic Development, at 3447 Atlantic Avenue. (District 7)

DISCUSSION

Since October 1997, the City of Long Beach (City), in partnership with various public and private organizations, has assisted approximately 3,500 job seekers monthly with free job training and employment placement services at the Career Transition Center (CTC). The CTC is located in a three-story, 35,701 square-foot (SF) City-leased facility at 3447 Atlantic Avenue, and is operated under the guidance and direction of the Workforce Investment Board. To facilitate the operation of a comprehensive one-stop resource center, the City currently subleases space at the CTC to organizations such as the State Employment Development Department (EDD), California State University Long Beach, Foster's Assessment, and Ability First to enhance delivery of service to the community.

On December 4, 2012, the City Council authorized the Seventh Amendment to Lease No. 25165 to extend the term through January 31, 2018. The amendment further provided the City with a right to terminate the Lease between the 36th and 42nd months of the term to address matters such as funding reductions, fluctuations in future space needs or requirements for relocation. In 2013, EDD began its sublease renewal process with the City, which required a seismic assessment of the CTC facility. Following said assessment, it was determined that due to age and type of construction of the facility, it would not be able to meet State seismic requirements. As a result, the City and EDD commenced a search for an alternative facility that would meet State requirements.

On December 15, 2015, the City Council authorized the execution of a lease with 4811 Airport Plaza, LLC (New Landlord), for office space at 4811 Airport Plaza Drive, Suites 110, 120, and 210 (New Premises), and any and all documents necessary for subleases by and between the City of Long Beach and various agencies and organizations on an as-needed

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basis for the relocation and continued operations of the Career Transition Center. On February 1, 2016, the City gave notice to terminate the Lease effective July 31, 2016, but has needed to further extend the term to accommodate the New Landlord's delays in constructing its share of the building improvements prior to the City commencing the build out of the New Premises for the City's occupancy. The current term of the Lease expired on November 30, 2017.

The City was notified in October 2017, that the building was in escrow for purchase by the ILWU Credit Union with an anticipated closing date of December 15, 2017. The ILWU plans to occupy the building, but is amenable to extending the Lease with the City while the New Premises are being built out, which is anticipated to occur by May 2018. In order to memorialize the extended term, a proposed Eighth Amendment to Lease No. 25165 has been negotiated containing the following major terms and provisions:

- Landlord: PI Properties No. 22, LLC, and/or ILWU Credit Union, as successor-in-ownership.
- Tenant: City of Long Beach, a municipal corporation.
- Leased Premises: A three-story building consisting of 35,701 rentable square feet (RSF) of office space located at 3447 Atlantic Avenue.
- Lease Term: The Lease shall be extended through May 31, 2018.
- Extension Rent: The monthly base rent shall be \$2.22 per RSF, or \$79,256 per month.
- Option to Extend: Tenant shall have one 2-month option to extend the Lease at a monthly rental amount equal to 110 percent of the Extension Rent. If Tenant remains in possession of the Leased Premises past July 31, 2018, the monthly holdover rate shall increase to 125 percent of the Extension Rent.

All remaining terms and provisions of Lease No. 25165 shall remain in full force and effect.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on November 27, 2017 and by Budget Management Officer Rhutu Amin Gharib on November 20, 2017.

TIMING CONSIDERATIONS

City Council action is requested on December 12, 2017, to execute the Eighth Amendment to allow for the continued occupancy of the Leased Premises.

FISCAL IMPACT


Effective December 1, 2017, the monthly base rent for the Lease shall be \$79,256 per month through May 31, 2018. As part of its operation, the City subleases office space to other organizations that operate in partnership with the Career Transition Center, which serves to offset the monthly rent incurred by the City.

The Lease payments are funded by the Workforce Innovation Opportunity Act (WIOA), and appropriated in the Community Development Grants Fund (SR 150) in the Economic Development Department (ED). Approval of this recommendation will allow for continuous employment preparation, placement and retention services without interruption to several thousand residents.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,


JOHN KEISLER
DIRECTOR OF
ECONOMIC DEVELOPMENT

JK:JMV:MTB

APPROVED:


PATRICK H. WEST
CITY MANAGER