



Legislation Text

File #: 23-0827, Version: 1

Recommendation to authorize City Manager, or designee, to execute all documents necessary to enter into a Lease with Long Beach Center Loan, LLC, a Delaware limited liability company, for City-leased office space at 420 Pine Avenue, Suite P-100, for the operation and management of City parking facilities. (District 1)

Levine Act: Yes

On October 11, 2005, the City Council authorized the execution of Lease No. 29346 (Lease) with Long Beach Center, LLC (Original Landlord), for office space at 275 E. 4th Street to house the citywide parking operations office (Parking Office) for a five-year term. The space is located within the development formerly known as CityPlace, and is currently occupied by the City of Long Beach (City) parking operator, LAZ Parking, LLC (LAZ). Subsequent Amendments to the Lease were executed in 2010 and 2020, which extended the term of the Lease through September 30, 2022. Since the term expiration, the Lease has operated on a holdover and is currently month-to-month. In March of 2021, Long Beach Center Loan, LLC (Current Landlord) became successor-in-interest to the Original Landlord, who immediately commenced a multi-year effort to redevelop and rebrand the development as Mosaic. The Current Landlord is planning to redevelop large portions of the project to include 900 residential units and 38,405 square feet of commercial space (Project). The Parking Office is currently located within the Project, resulting in a need to relocate the Parking Office.

For the past year, the City, Current Landlord, and LAZ have been working in partnership to find an alternative location to accommodate the Parking Office. The Mosaic development is ideal, as the location is situated near the City's parking structures, which is convenient and well-suited for security and customer service purposes. With those parameters in mind, the location at 420 Pine Avenue, Suite P-100 (Premises), has been identified as the ideal option to accommodate the relocation. As proposed, the City will lease the Premises, which measures approximately 1,908 square feet, for a ten-year period, which will commence 90 days after the City takes possession or the City opens the Premises for business, whichever is earlier. The City will have two five-year options to extend. Rent will initially be set at \$2.37 per square foot, or \$4,522 per month (Base Rent), subject to 3 percent annual increases (Rent Escalators). Base Rent for months two and three will be abated. The City will also be responsible for its pro rata share of operating expenses which include taxes, insurance, and common area maintenance (CAM). The Premises will require interior improvements such as HVAC and electrical upgrades, reconfiguration of the customer waiting area, and floor and wall finishes, all of which will be paid for by the Current Landlord.

To allow the City and LAZ to relocate to the Premises and the Current Landlord to pursue

redevelopment of the Project, the following are the proposed terms and conditions of the Lease:

<u>Landlord:</u>	Long Beach Center Loan, LLC, a Delaware limited liability company.
<u>Tenant:</u>	City of Long Beach, a municipal corporation.
<u>Premises:</u>	Approximately 1,908 square feet of ground floor office space at 420 Pine Avenue, Suite P-100.
<u>Use:</u>	General office for parking operations.
<u>Initial Term:</u>	Ten years, commencing 90 days after the City takes possession or the City opens the Premises for business, whichever is earlier.
<u>Renewal Options:</u>	Two options to extend for a period of five (5) years upon written notice to the Landlord no less than twelve (12) months prior to the prior term's expiration date.
<u>Base Rent:</u>	The initial monthly base rent will be \$2.37 per square foot, or \$4,522 monthly, with (3) three percent annual increases. The first month of base rent will be due upon full execution of the Lease.
<u>Rent Abatement:</u>	Base rent will be abated for months two and three of the Lease.
<u>Operating Expenses (CAM)</u>	The City will be responsible for its pro-rata share of the property operation costs including common area maintenance charges, real estate taxes, utilities, and other property-related expenses. Operating expenses are anticipated to be \$0.90 per square foot.
<u>Tenant Improvements:</u>	HVAC and electrical upgrades, reconfiguration of the customer waiting area and floor and wall finishes, all of which will be paid for by the Current Landlord.
<u>Signage:</u>	Tenant shall be responsible for its own signage.

This matter was reviewed by Assistant City Attorney Gary Anderson and Budget Management Officer Nader Kaamoush on July 7, 2023.

LEVINE ACT

This item is subject to the Levine Act. The Mayor, Councilmembers, and Commissioners who have received a contribution of more than \$250 within 12 months prior from a party, participant, or their representatives involved in this proceeding may do either of the following: (1) disclose the contribution on the record and recuse themselves from this proceeding; OR (2) return the portion of the contribution that exceeds \$250 within 30 days from the time the elected official knew or should have known about the contribution and participate in the proceeding.

All parties, participants, and their representatives must disclose on the record of this proceeding any contribution of more

than \$250 made to the Mayor or any Councilmembers within 12 months prior to the date of the proceeding. The Mayor, Councilmembers, and Commissioners are prohibited from accepting, soliciting, or directing a contribution of more than \$250 from a party, participant, or their representatives during a proceeding and for 12 months following the date a final decision is rendered.

City Council consideration of this transaction is requested on August 1, 2023, to ensure timely execution of the Lease and completion of improvements for occupancy.

The monthly cost, including base rent and common area maintenance expenses, will be approximately \$6,239, with rent abated for months two and three. The total annual cost in the first year is estimated at \$62,390, estimating the first month's rent to be expended in Fiscal Year 2023 (FY 23) and rent commencement some time in FY 24. Future years will be subject to a three (3) percent increase. Funding for the cost of the Lease is budgeted in the Civic Center Fund Group and General Fund Group in the Public Works Department. 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.

Approve recommendation.

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DIRECTOR ECONOMIC DEVELOPMENT

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APPROVED:

THOMAS B. MODICA
CITY MANAGER