



Legislation Text

File #: 15-0749, **Version:** 1

Recommendation to authorize City Manager to execute all documents necessary for the Third Amendment to Lease No. 30534 between 211 East Ocean LLC, a Delaware limited liability company, as successor in interest to Behringer Harvard Downtown Plaza LP, a Delaware limited partnership (Landlord) and the City of Long Beach (Tenant) for office space at 211 East Ocean Boulevard, Suite 410, for the Office of Special Events and Filming. (District 2)

On November 20, 2007, the City Council authorized the execution of Lease No. 30534 (Lease) for office space at 211 East Ocean Boulevard, Suite 410 (Site). Further amended to extend the term, the Site was originally occupied by the City's Citizen Police Complaint Commission (CPCC) until 2010 when the CPCC returned to City Hall and the Site became the home of the City's Office of Special Events and Filming (SEF).

Responsible for permitting all special events and film productions within the City, SEF permits more than 400 events each year, including festivals, runs/walks, holiday celebrations, and other activities. It also issues over 450 film permits annually and is a full-service operation that provides assistance to film, television, music, commercial production and still photography by coordinating and facilitating the permitting process, as well as serving as a liaison with local government, the community, and the production industry. The Site provides an ideal location for SEF to conduct its business operations. It allows SEF to remain in close proximity to its clients and partners, which include the Long Beach Area Convention and Visitors Bureau, the Downtown Long Beach Associates and the Long Beach Convention and Entertainment Center. The Site is centrally located in the downtown area and within walking distance of many of the permitted activities that require compliance monitoring.

Lease No. 30534 terminated on July 31, 2015. City staff began negotiations early in the year to extend the term of the Lease for the continued occupancy of the Site for SEF. The building is on the market for sale and negotiations were extended due to the need for negotiations to be communicated between the Landlord and past potential buyers.

Negotiations have been finalized with the Landlord, and the proposed Third Amendment to Lease No. 30534 contains the following major terms and provisions:

- Landlord: 211 East Ocean LLC, a Delaware limited liability company, as successor in interest to Behringer Harvard Downtown Plaza, LP, a Delaware limited partnership
- Tenant: City of Long Beach, a municipal corporation

- Term: The term of the Lease shall be extended for an additional three-year period and shall terminate on July 31, 2018.
- Leased Premises: The Leased Premises shall consist of approximately 2,548 rentable square feet (RSF), also known as Suite 410.
- Beneficial Occupancy: The City shall receive five months of beneficial occupancy ("Free Rent") for the months of August through December 2015.
- Base Rent: Effective January 1, 2016, the current monthly base rent shall decrease from \$2.25 per RSF to \$2.10 per RSF, or \$5,351, and shall increase thereafter annually by three percent. Coupled with the Free Rent period provided during the initial five months of the extended term, the average price per RSF during the extended term shall be \$1.87.
- Tenant Improvement Allowance: The City shall be entitled to a Tenant Improvement Allowance equal to \$7 per usable square foot to be used during the first twelve months of the extended term towards the cost of general construction, architectural services, space planning, construction management services or toward rent abatement.

All remaining terms and provisions of Lease No. 30534 shall remain in full force and effect.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on June 1, 2015 and by Budget Management Officer Victoria Bell on June 4, 2015.

City Council action on this matter is requested on August 11, 2015, in order to execute the Third Amendment in a timely manner for the continued occupancy of the Site by the Office of Special Events and Filming.

Funding is currently appropriated in the Special Advertising and Promotions Fund (SR 133) in the City Manager Department (CM) and will be requested through the FY16 proposed budget. Special Events and Filming is a full cost recovery operation. Approval of this recommendation will provide continued support to the local economy.

Approve recommendation.

MICHAEL P. CONWAY
DIRECTOR OF ECONOMIC AND PROPERTY DEVELOPMENT

APPROVED:

PATRICK H. WEST
CITY MANAGER

