



Legislation Text

File #: 12-0358, **Version:** 1

Recommendation to authorize City Manager to execute the First Amendment to Lease No. 27760 between SST Properties, a California corporation (Landlord), and the City of Long Beach (Tenant), for office/warehouse space at 5580 Cherry Avenue for the Wireless Communications Division of the Department of Technology Services. (District 8)

On April 16, 2002, the City Council authorized the execution of Lease No. 27760 for a ten-year term at 5580 Cherry Avenue for approximately 26,100 square feet of office/warehouse space to house the Wireless Communications Division (WCD) of the Department of Technology Services. WCD supports approximately 4,000 two-way radio communication devices, as well as the mobile data systems used by Police, Fire and other City department personnel. WCD is also responsible for technology infrastructure, such as communications towers, which support all wireless communications for the City.

In the last year, WCD assumed responsibility for the installation and support of video surveillance cameras in City facilities, parks and the public right-of-way. Over the past few years, WCD has also played a major role in the technical design of the Los Angeles Regional Interoperable Communications System (LA-RICS). Once completed, it will provide a single interoperable radio communications system for all County of Los Angeles public safety agencies.

Previously located at the Public Service Yard at 1601 San Francisco Street, WCD was in need of a new facility in 2002 to provide for a larger staging area for the testing of equipment prior to installation and to provide for centralized storage, previously located at multiple sites. Most critical was the need for a cleaner facility to avoid damage from dust and dirt due to the sophistication and delicate nature of incoming new and upgraded equipment. In addition to accommodating these needs, the leased premises provides for a warehouse with a gated parking lot, which allows for greater security for the installation of equipment on larger City vehicles, particularly the City's fire and refuse trucks. It is anticipated that the need for the leased premises will continue, at minimum, for the next five years.

Lease No. 27760 will terminate on September 30, 2012. In order to accommodate the continuing needs for office/warehouse space for WCD, a proposed First Amendment to Lease No. 27760 has been negotiated containing the following major terms and provisions:

- Landlord: SST Properties, a California corporation.
- Tenant: City of Long Beach.
- Leased Premises: 5580 Cherry Avenue consisting of approximately 26,100 rentable square feet (RSF) of office/warehouse space.
- Term: The term of the Lease shall be extended for an additional ten years commencing October 1, 2012 and terminating on September 30, 2022.

- Rent: Effective October 1, 2012, the current monthly base rent of \$15,862 shall decrease to \$13,050 (\$0.50 per RSF). Thereafter, the monthly base rent shall increase annually by three percent (3%).
- Rent Abatement: Tenant shall receive free rent for months two, three and four of the extended term. The full value of the rent abatement for the City is \$39,150.
- Tenant Improvement Allowance: Landlord shall provide a tenant improvement allowance in the amount of \$16,800 to be used toward the costs of general construction, including architectural services and construction management, installing new voice/data cabling, modular furniture or towards rent.
- Right to Cancel: Tenant shall have the right to cancel the Lease at any time after fifth year of the extended term, by providing Landlord with 180-days prior written notification. Within 90-days thereafter, Tenant shall deliver to Landlord a cancellation fee comprised of the unamortized Tenant Improvement Allowance and prorated leasing commissions paid.
- Option to Renew: Tenant shall have one 5-year option to further renew the Lease. If exercised, a new fair market rental rate shall be negotiated subject to further City Council approval.

All other remaining terms and provisions of Lease No. 27760 shall remain in full force and effect.

This matter was reviewed by Deputy City Attorney Gary J. Anderson on April 10, 2012 and Budget Management Officer Victoria Bell on April 18, 2012.

..TIMING CONSIDERATIONS

City Council action is requested on May 8, 2012, in order to execute the First Amendment and formalize the City's continued occupancy of the leased premises.

The First Amendment will be effective on October 1, 2012. The annual rent for the first year of the extended term will be discounted from a base amount of \$156,600 to \$117,450 as a result of three months of rent abatement. As rent is part of the costs recovered from client departments via the Department of Technology Services' MOU allocation, the cost savings of \$39,150 will be passed along to client Departments, of which approximately \$32,000 would be General Fund savings. Sufficient funds are budgeted in the General Services Fund (IS 385) and in the Department of Technology Services (TS) to support this activity. There is no known local job impact associated with the recommended action.

Approve recommendation.

MICHAEL P. CONWAY
DIRECTOR OF PUBLIC WORKS

CURTIS TANI
DIRECTOR OF TECHNOLOGY SERVICES

APPROVED:

PATRICK H. WEST
CITY MANAGER