



Legislation Text

File #: 19-1056, **Version:** 1

Recommendation to authorize City Manager, or designee, to execute all documents necessary for the Third Amendment to Lease No. 20968 with the Hansen Marital Trust and the C. and D. Hansen Revocable Trust, successors in interest to the Hansen Bypass Trust, the C. and D. Hansen Revocable Trust, and the Hansen Marital Trust, for the continued lease of City-owned property at 25 39th Place adjacent to the Belmont Brewing Company. (District 3)

On August 8, 1989, the City Council authorized the execution of Lease No. 20968 (Lease) with James A. Brennan and Berton J. Simon, and a sublease with Belmont Brewing Company, Inc. (Sublessee), for the use of approximately 1,600 square feet of City-owned property located at the southern end of 39th Place (Attachment A). The initial term of the Lease was for 25 years and allowed the Sublessee to use the area for outdoor patio seating for the Sublessee's adjacent brewpub operation, the Belmont Brewing Company. Subsequent modifications to the Lease have included the expansion of the patio, term extensions, and various assignments of the leasehold interest. The patio totals 2,248 square feet, representing approximately 29.3 percent of Belmont Brewing Company's total restaurant area.

The Lease, which is currently assigned to the Hansen Marital Trust and C. and D. Hansen Revocable Trust (collectively, Tenant), successors in interest to the Hansen Bypass Trust, the C. and D. Hansen Revocable Trust, and the Hansen Marital Trust, expired on September 30, 2019. The Tenant has requested an extension, as well as modification of certain Lease provisions. Given the longstanding history of this Lease and that no alternative use is foreseen in the next five years, staff has negotiated and recommends a five-year extension as follows:

- Landlord: City of Long Beach, a municipal corporation.
- Tenant: Hansen Marital Trust and the C. and D. Hansen Revocable Trust (Collectively, Tenant), successors in interest to Hansen Bypass Trust, C. and D. Hansen Revocable Trust and Hansen Marital Trust.
- Amended Term: The Amended Term of the Lease is for a period of five years, through September 30, 2024.

- Renewal Options: The Term of the Lease may be extended for two additional periods of five years each, at the discretion of the City Manager.
- Rent: Tenant will continue to pay percentage rent pursuant to the terms of the existing Lease. Effective October 1, 2019, the Minimum Annual Rent (MAR) will continue at the current rate of \$42,692 per year (approximately \$3,558 per month).
- Rental Adjustment: Effective October 1, 2021, the MAR will be adjusted to 85 percent of the average total rent paid by Tenant for the preceding three-year period. In no event, will the MAR be adjusted to an amount that is less than \$42,692 per year (approximately \$3,558 per month). Future adjustments will be made at the beginning of the third Lease year in each subsequent renewal option.
- Amended Restoration of Premises: Upon expiration or sooner termination of the Lease, Tenant will return the Leased Premises to Landlord, remove all improvements and trade fixtures and leave the Premises in a clean condition within 30 days.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on October 7, 2019, and Budget Management Officer Rhutu Amin Gharib on October 3, 2019.

City Council action is requested on October 22, 2019, to execute any necessary documents to facilitate the execution of the proposed Third Amendment to the Lease.

The Minimum Annual Rent in FY 20 of \$42,692 will continue to accrue to the Tidelands Fund Group in the Economic Development Department. This recommendation has no staffing impact beyond the budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

Approve recommendation.

JOHN KEISLER
DIRECTOR OF ECONOMIC DEVELOPMENT

APPROVED:

THOMAS B. MODICA
ACTING CITY MANAGER