



## Legislation Text

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File #: 23-1043, Version: 1

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Recommendation to authorize City Manager, or designee, to execute all documents necessary for a First Amendment to Lease No. 35645 with GCC Long Beach, LLC (Landlord), for the City of Long Beach's continued use of 2019 East Wardlow Road as a temporary Fire Station 9 for an additional 18 months through March 31, 2025. (District 5)

### **Levine Act: Yes**

In 2019, the City of Long Beach (City) permanently closed Long Beach Fire Department (LBFD) Station 9 located at 3917 Long Beach Boulevard due to recurring issues with mold and employee safety. On July 14, 2020, City Council approved Lease No. 35645 (Lease) with GCC Long Beach, LLC, a Delaware limited liability company (Landlord) for the City's use of 2019 East Wardlow Road (Premises - Attachment) as a temporary Fire Station 9 for a period of three years through 2023. Concurrently, the City identified and purchased 4101 Long Beach Boulevard for the construction of the permanent Fire Station 9 (New Site) and began efforts to plan, develop and construct the New Site to the required needs and specifications of the new Fire Station. As the planning of the New Site is ongoing, an extension to the Lease is necessary to avoid any disruptions to service in the response area. The Landlord has agreed to extend the Lease under certain modified provisions, which includes a rent increase to \$40,000 per month, or \$2.40 per rentable-square-foot (RSF) of building space. While the increase is significant from the original Lease rate of \$10,000 per month, it should be noted that the original Lease rate was substantially below market and the proposed rent of \$2.40 per RSF is still below the current market rate for similar properties.

To that end, staff has negotiated a First Amendment to the Lease containing the following significant terms and provisions:

- Landlord: GCC Long Beach, LLC, a Delaware limited liability corporation.
- Tenant: City of Long Beach, a municipal corporation.
- Premises: Approximately 2.8 acres including a 16,647 square foot building located at 2019 East Wardlow Road.
- Use: Interim Fire Station 9, including supportive City services such as office and storage.
- Amended Rent: \$40,000 per month, or approximately \$2.40 per RSF.

- Extension Term: 18 months (October 1, 2023, to March 31, 2025).
- Termination Option: Landlord will have the option to terminate the Lease at any time by providing the Tenant with a six months' advance written notice.
- Maintenance and Insurance: Tenant will continue to self-insure and maintain the Premises.
- Utilities: Tenant will continue to be responsible for all utilities to the Premises.

This matter was reviewed by Principal Deputy City Attorney Richard F. Anthony on August 16, 2023 and by Budget Management Officer Nader Kaamouh on August 25, 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 action is requested on September 12, 2023, to facilitate execution of the amendment.

This amendment will increase rent from \$10,300 a month to \$40,000 for 18 months starting October 1, 2023 to March 31, 2025. The additional cost to Fiscal Year 2024 (FY 24) is \$348,000 and \$174,000 in FY 25 which will be incurred in the General Fund Group in the Fire Department. This increase is not currently budgeted. Staff will review possible funding solutions and return to City Council in FY 24 to request a budget adjustment. Possible solutions could include the recommended use of any available citywide General Fund savings recognized at FY 23 yearend or FY 24 yearend, or reallocations in the Measure A plan - contingency funds. Construction for the permanent Fire Station 9 is anticipated to be complete in FY 25. 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.

BO MARTINEZ  
DIRECTOR  
ECONOMIC DEVELOPMENT

DENNIS BUCHANAN  
FIRE CHIEF

APPROVED:

THOMAS B. MODICA  
CITY MANAGER

