



## Legislation Text

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**File #:** 10-0575, **Version:** 1

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Recommendation to authorize City Manager, or designee, to execute any and all documents necessary for the Second Amendment to Office Lease (Contract No. 30534) with Behringer Harvard Downtown Plaza LP, a Delaware limited partnership, for office space at 211 East Ocean Boulevard, Suite 410, for occupancy by the Department of Parks, Recreation and Marine's Special Events and Filming Bureau, for an additional 26.5 month term, at the initial monthly base rent of \$5,402. (District 2)

On November 20, 2007, the City Council approved Office Lease No. 30534 (Lease) for office space in the Downtown Plaza Office Building at 211 East Ocean Boulevard, Suite 410, to house the City's Citizen Police Complaint Commission (CPCC) staff. The Lease was amended on October 7, 2009, to provide the City with a rent credit in the amount of \$22,932 for a portion of the unused tenant improvement construction allowance. The Lease expires on May 15, 2013.

In an effort to consolidate business operations and implement cost savings in the General Fund, the CPCC will relocate to City Hall, saving the General Fund \$69,360 annually. The Special Events and Filming Bureau (SEF) lease at One World Trade Center, Suite 300, will expire in July 2010, and it is cost effective for them to assume occupancy of CPCC's office suite in the Downtown Plaza Office Building.

The SEF is responsible for permitting all special events and film productions within the City of Long Beach. SEF permits more than 160 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 businesses by coordinating and facilitating the permitting process, as well as serving as a liaison with local government, the community and the production industry.

Based on a survey of several other properties, it was determined that 211 East Ocean Boulevard, Suite 410, offers a very competitive lease rate compared to similar office buildings in the downtown Long Beach area and provides an ideal location for SEF to conduct its business operations. It allows the SEF to remain in close proximity to its clients and partners, which include the Long Beach Area Convention and Visitors Bureau, Downtown Long Beach Associates, Long Beach Convention and Entertainment Center, as well as the Civic Center. The new office location is more centrally located in the downtown area and within walking distance of many of the permitted activities that require compliance monitoring. Also, it is "move-in" ready and does not require any major renovations.

Similarly, the CPCC will be moving to the 13th floor of City Hall, where it was housed prior to 2002. This site does not require any modifications and meets CPCC's requirements in terms of close proximity to the Long Beach Police Department's office headquarters and the Long Beach Superior Court. It also provides access to various means of public transportation.

To accommodate the SEF, a new Lease extension has been negotiated for office space at 211 East

Ocean Boulevard, Suite 410. The proposed Second Amendment to Office Lease No. 30534 contains the following major provisions:

Landlord: Behringer Harvard Downtown Plaza LP.

Tenant: City of Long Beach.

Premises: The leased premises shall consist of approximately 2,548 Rentable Square Feet (RSF) of office space located at 211 East Ocean Boulevard, Suite 410.

Length of Term: The current Lease term shall be extended 26.5 months from the current expiration date of May 15, 2013, and shall expire on July 31, 2015.

Option to Renew: The Tenant's current Option to Renew shall apply to this Lease extension, Le., the Tenant shall have one option to renew for one five-year period at the then prevailing rental rate, as determined by the Landlord.

Base Rent: The monthly base rent for the leased premises shall be as follows:

Current Fixed Lease Rates:

|                   |   |   |
|-------------------|---|---|
| 8/1/10 to 4/30/11 | - | \$5,402/Month (\$2.12/RSF/Full Service Gross) |
| 5/1/11 to 4/30/12 | - | \$5,580/Month (\$2.19/RSF/Full Service Gross) |
| 5/1/12 to 5/15/13 | - | \$5,733/Month (\$2.25/RSF/Full Service Gross) |

The average monthly rent paid over the 33.5-month period shall be \$5,580 (\$2.19/RSF/Full Service Gross).

Extension Term Lease Rate:

|                    |   |  |
|--------------------|---|--|
| 5/16/13 to 7/31/15 | - | \$5,733/month (\$2.25/RSF/Full Service Gross)<br>Less six months abated rent |
|--------------------|---|--|

Accounting for the six-month abated rent period, the average monthly rent paid over the 26.5-month period shall be \$4,434 (\$1.74/RSF/Full Service Gross). This extension term Lease rate is considered to be very competitive and below market for similar properties in the downtown Long Beach area.

The average monthly rent paid over the 60-month period shall be \$5,071 (\$1.99/RSF/Full Service Gross).

Rent Concession: Landlord shall abate 100 percent of the monthly Base Rent for the period of June 1, 2013 through November 30, 2013. This equals \$34,398 (\$5,733 x 6 months).

Utilities and Janitorial Services: The Landlord shall continue to pay the costs associated with electricity, gas, water and janitorial services provided to the Premises.

Operating Costs: The Tenant shall pay its pro rata share of increases in operating expenses, including tax expenses for the office building, above the "Base Year." Commencing May 1, 2013, the Base Year shall be adjusted to calendar year 2013 for operating expenses and property taxes.

Parking: When SEF assumes occupancy, Tenant shall have a total of nine unreserved parking stalls. Initially, Tenant will lease five single unreserved stalls at \$60/stall/month and four tandem stalls at \$55/stall/month for a total monthly cost of \$520.

Tenant Improvement Allowance: Landlord shall provide a tenant improvement allowance of \$12,740 (\$5/RSF) for space improvements, new voice/data cabling, security system, intercom system and/or rent credit toward Base Rent.

With the exception of the above changes, all other terms, covenants and conditions in Office Lease No. 30534 shall remain in effect.

This letter was reviewed by Deputy City Attorney Richard Anthony on May 6, 2010 and Budget and Performance Management Bureau Manager David Wodynski on May 19, 2010.

City Council action is requested on June 1, 2010, in order to finalize and execute the Second Amendment to Office Lease No. 30534 in a timely manner.

The relocation of the CPCC to City Hall saves the General Fund \$69,360 annually and approximately \$21,860 in Fiscal Year 2010 (FY 10). SEF will assume occupancy of the new site on August 1, 2010, which will result in rent and parking costs in the amount of \$11,844 in SAP for FY 10. SEF is a full cost recovery operation and future Lease expenses will be supported through SEF's revenues.

The requested action will not have an impact on jobs.

Approve recommendation.

DENNIS J. THYS  
DIRECTOR  
DEPARTMENT OF COMMUNITY DEVELOPMENT

APPROVED:

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PATRICK H. WEST  
CITY MANAGER