



Legislation Text

File #: 17-1022, **Version:** 1

Recommendation to authorize City Manager, or designee, to execute any and all documents necessary for the Ground Lease of City-owned Property located adjacent to Harvey Milk Park to Long Beach Center, LLC, for use as outdoor patio dining. (District 1)

The City of Long Beach (City) currently owns public right-of-way located adjacent to Harvey Milk Park near 3rd Street and the Promenade North (Subject Property) (Exhibit A). The Subject Property is approximately 1,400 square feet and is currently unimproved. With the redesign and renovation of the adjacent development, The Streets, City staff is requesting City Council approval to enter into a Ground Lease with the Tenant for the use, operation, and maintenance of the Subject Property for outdoor patio dining for a retail/restaurant facility.

The Ground Lease would have an initial period of ten years, with two options to renew for a period of five years each. The Tenant will pay monthly rent in the amount of \$1,400 to lease the Subject Property and shall be increased by 10 percent on each five-year anniversary. The Tenant will be eligible to receive a monthly rent credit for capital improvements and/or routine cleaning, maintenance, security, and utility service made or provided by Tenant to the public right-of-way or Harvey Milk Park immediately adjacent to the Subject Property. The Tenant will not be eligible for rent credit for costs associated with improvements of, or services to, the Subject Property. Tenant's use of the Subject Property will not interfere with public use of the adjacent streets or Harvey Milk Park.

Proposed terms and conditions of the lease are as follows:

- Landlord: City of Long Beach, a municipal corporation.
- Tenant: Long Beach Center, LLC, a Delaware limited liability company.
- Subject Property: 1,400 square feet of public right-of-way, adjacent to Harvey Milk Park near 3rd Street and the Promenade North.
- Use: The Subject Property shall be utilized for outdoor patio dining for retail/restaurant facility.
- Term: The term of the Lease shall be ten years.
- Rent: Monthly rent shall be \$1,400. The Tenant will be eligible to receive a monthly rent credit for capital improvements and/or routine cleaning, maintenance, security, and utility service made or provided by Tenant to the public right-of-way or Harvey Milk Park immediately adjacent to the Subject Property. The

Tenant will not be eligible for rent credit for costs associated with improvements of, or services to, the Subject Property. Rent shall increase by 10 percent on each five-year anniversary of commencement.

- Renewals Tenant shall have the option of up to two renewals of five years each.
- Maintenance: Tenant shall be responsible for all routine maintenance of the Subject Property.
- Utilities: Tenant shall be responsible for all utilities serving the Subject Property.
- Insurance: Tenant shall maintain property, liability, and other insurance at all times satisfactory to the Landlord.
- Relocation Benefits: Tenant waives any rights to future relocation benefits.
- Tenant Improvements: Tenant shall be responsible for all costs associated with tenant improvements (including all permitting fees) required for its occupancy of the Subject Property.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on November 2, 2017 and Budget Analysis Officer Julissa José-Murray on November 3, 2017.

City Council action is requested on November 14, 2017, to allow use of the Subject Property to commence timely.

Annual lease revenue amount of approximately \$16,800, or \$1,400 per month, less any rent credits granted, will accrue in the General Fund (GF) in the Economic Development Department (ED). Annual revenues will be subject to a 10 percent rental adjustment every five years. There is no local job impact associated with this recommendation.

Approve recommendation.

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JOHN KEISLER
DIRECTOR OF ECONOMIC DEVELOPMENT

APPROVED:

PATRICK H. WEST

CITY MANAGER