



Legislation Text

File #: 15-0794, **Version:** 1

Recommendation to authorize City Manager to execute all documents necessary for a lease by and between the City of Long Beach and 600 West 15th Street, LLC, for industrial warehouse space at 600 West 15th Street for the relocation of the Long Beach Police Department's long-term property and evidence storage. (District 1)

Since 2005, the Long Beach Police Department (PD) has leased property at 1439 Cota Avenue and 1412-1440 Seabright Avenue (Cota Facility) consisting of three concrete and corrugated metal warehouse buildings totaling approximately 12,000 square feet (SF) for its long-term property and evidence storage functions. The current rental rate for the Cota Facility is \$0.92 per SF which does not include separate utilities, real estate taxes and insurance.

PD has ongoing requirements for storing evidence, which have increased over the past ten years. To meet its increasing storage needs, the PD utilizes approximately 33 storage containers placed within the yard at the Cota Facility; however, the use of storage containers is inefficient. The term of the lease at the Cota Facility is set to expire on October 31, 2015.

In anticipation of the expiration of said lease, a site search was conducted of larger warehouse and storage facilities in the neighboring areas. A site was located at 600 W. 15th Street in the Magnolia Industrial Area which meets PD's primary objective of increasing the amount of storage space within a single closed facility. In addition, the monthly rental rate for this facility is 33 percent lower than the Cota Facility.

To provide for the relocation of the PD storage functions to 600 W. 15th Street, a proposed Lease has been negotiated containing the following major terms and conditions:

- Landlord: 600 W. 15th Street, LLC, a California limited liability company.
- Tenant: City of Long Beach, a municipal corporation.
- Leased Premises: The Leased Premises consist of approximately 19,012 square feet of industrial warehouse space with an approximate 7,125 square foot private yard located at 600 W. 15th Street.
- Use: The Leased Premises shall be used by the Long Beach Police Department for long-term property and evidence storage, as well as a pick-up location for impounded bicycles.
- Lease Term: The term of the Lease shall be for sixty-five (65) months commencing on

September 1, 2015 and terminating on January 31, 2021.

- Early Termination: Tenant shall have the right to terminate the Lease at any time after the thirty-sixth (36th) month by providing ninety days prior written notice to the Landlord. Tenant shall be responsible for payment of an Early Termination Fee equal to six months of the current base rent plus the unamortized portion of the tenant improvements and real estate commissions.
- Rent: The initial monthly base rent shall be \$0.62 per SF or \$11,787 per month and shall be subject to three percent (3%) annual increases.
- Rent Concessions: Rent shall be fully abated for months one (1) and two (2) for a savings of \$23,574, providing for a net effective rental rate in the first year of the Lease of \$0.52 SF.
- Tenant Improvements: The Leased Premises shall be delivered to Tenant in move-in ready condition. Any additional improvements necessary for Tenant's specific use (i.e., front counter and bike exchange area) shall be funded by Landlord at its sole cost in an amount not to exceed \$25,000.
- Utilities, Insurance and Taxes: Landlord shall be responsible for the payment of utilities, insurance, taxes and Common Area Maintenance (CAM). Tenant shall be responsible for its individually metered electricity and any increases in taxes, building insurance and CAM over the base year.
- Maintenance: Landlord shall be responsible for maintaining the structural elements of the building, including the fire sprinkler systems, roof, foundation, and bearing walls, and Tenant shall be responsible for the general daily maintenance of the Leased Premises.
- Parking: Tenant shall have use of 12 unreserved parking spaces at the Leased Premises.
- Option to Renew: Tenant shall have one 5-year option to extend the term of the Lease based on 95 percent of the then current market rental value of the Leased Premises.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on July 28, 2015, and Budget Management Officer Victoria Bell on July 29, 2015.

City Council action is requested on August 18, 2015 in order to finalize and execute the Lease to allow for the Police Department to begin relocating to the new facility on September 1, 2015.

The Lease cost for FY 16, including the rent concession savings, shall be \$130,011. Sufficient funds are included in the FY 16 Proposed Budget in the General Fund (GF) in the Police Department (PD) to support this activity. The Lease expense will increase annually by 3 percent

for each year of the Lease term, and additional expense may be incurred for increases over the base year for taxes, building insurance and CAM. There will be no local job impact associated with this recommendation.

Approve recommendation.

MICHAEL P. CONWAY
DIRECTOR OF ECONOMIC AND PROPERTY DEVELOPMENT

ROBERT G. LUNA
CHIEF OF POLICE

APPROVED:

PATRICK H. WEST
CITY MANAGER