



Legislation Text

File #: 17-0814, **Version:** 1

Recommendation to authorize City Manager, or designee, to execute any and all documents necessary for the First Amendment to Lease No. 34494 between Pacific Place Office, LLC, and the City of Long Beach, for office space at 222 West 6th Street, Suites 400 and 480, San Pedro, California, to house a YouthSource Center in conjunction with the adjacent Harbor WorkSource Center operated by the Workforce Development Bureau in the Department of Economic and Property Development. (Citywide)

On November 22, 2016, the City Council authorized the execution of Lease No. 34494 (Lease) for office space at 222 West 6th Street, Suite 410 (Premises), for the relocation and continued operation of the Harbor WorkSource Center (HWSC). Through a contract with the City of Los Angeles Economic and Workforce Development Department (LAEWDD), the HWSC assists approximately 2,000 job seekers per month with free job training and employment placement services and serves as the one-stop resource center for the San Pedro/Harbor Area. All services are provided under the guidance of the Workforce Investment Board, also known as the Pacific Gateway Workforce Investment Network (PGWIN), which administers the communities' collective annual federal Workforce Innovation and Opportunity Act (WIOA) funds as well as other employment and training funds.

The buildout of the new office space was recently completed and the HWSC is now located at the Premises. During the process of relocating the HWSC to the Premises, PGWIN was notified by LAEWDD that it would receive \$1,009,000 in WIOA and other funds for baseline services for youth residents in the Harbor area. On July 18, 2017, the City Council authorized the City Manager to execute all documents necessary to accept said funds, which enables the City to operate the Harbor Gateway YouthSource Center for the period of July 1, 2017 through June 30, 2018, with an option to renew for three additional one-year terms.

As the original design of the Premises did not account for a separate space for the YouthSource Center, it has been determined that the adjacent suite that was recently builtout would be ideal for this purpose. As such, a proposed First Amendment to Lease No. 34494 to incorporate this additional area into the Premises has been negotiated containing the following major terms and conditions:

- **Landlord:** Pacific Place Office, LLC, a Delaware limited liability company.
- **Tenant:** City of Long Beach, a municipal corporation.
- **Leased Premises:** Approximately 9,195 rentable square feet (RSF) of office space located at

222 West 6th Street, Suites 400 and 480, San Pedro, California. Said space includes approximately 8,020 RSF of existing space in Suite 400 and approximately 1,175 RSF of expansion space in Suite 480.

- Lease Term: The Lease commenced on July 1, 2017, for Suite 400, and the target occupancy date for Suite 480 is October 1, 2017. The term for the Leased Premises shall be through November 30, 2022.
- Rent: The initial monthly base rent for the Leased Premises shall be \$2.10 per RSF or \$19,310 per month on a full-service gross basis with 3 percent annual increases.
- Rent Concessions: Under the terms of the Lease, the base rent is currently being abated through December 31, 2017. The base rent for Suite 480 shall be also be abated from the date of occupancy through December 31, 2017.
- Condition of Suite 480: Suite 480 was builtout and improved at the same time as Suite 400 and shall be leased in “as-is” condition.

All other remaining terms and provisions of Lease No. 34494 shall remain in full force and effect.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on August 24, 2017 and by Budget Analysis Officer Julissa José-Murray on August 30, 2017.

City Council action is requested on September 19, 2017, to finalize and execute the First Amendment to Lease No. 34494 in a timely manner to facilitate the opening of the YouthSource Center in Suite 480.

In Fiscal Year 2017 (FY 17) there will be no fiscal impact from this lease amendment as there are no costs due to the negotiated abatements. The FY 18 base rent shall be \$175,443 consisting of the rent concessions through December 31, 2017, and the 3 percent annual increase beginning on July 1, 2018. As part of its operation, the City subleases office space to other organizations that operate in conjunction with the PGWIN, which serves to offset the annual rental obligation incurred by the City. The Lease payments are funded by the WIOA and are currently appropriated in the Community Development Grants Fund (SR 150) in the Economic and Property Development Department (EP). Approval of this recommendation will provide continued support to the local economy.

Approve recommendation.

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JOHN KEISLER
DIRECTOR OF ECONOMIC
& PROPERTY DEVELOPMENT

APPROVED:

PATRICK H. WEST
CITY MANAGER