



Legislation Text

File #: 06-1150, **Version:** 1

Recommendation to authorize City Manager to execute the First Amendment to Lease No. 24687 between St. Mary Physicians Center, LLC, (Landlord) and the City of Long Beach (Tenant) for medical office space at 1043 Elm Street, Suite 401, for the continued operation of the Department of Health and Human Services administered Women, Infants and Children Nutrition Program for an extended ten-year term at the initial monthly base rent of \$8,881. (District 6)

On July 2, 1996, the City Council authorized the execution of a ten-year lease at 1043 Elm Street, Suite 401, on the campus of St. Mary Medical Center (Hospital) for the establishment of a Women, Infants and Children Nutrition Program (St. Mary WIC) to serve the Central Long Beach community and provide for the continuing growth of the Health Department's WIC program. The WIC program provides supplemental food, breastfeeding support, nutrition education and health and social service referrals to women, infants and children under five years of age who are at nutritional risk. St. Mary WIC, the largest of the City's six WIC sites, serves approximately 7,000 families per month and is conveniently located within the demographic area it serves and along major City bus routes. In partnership with the Hospital, St. Mary WIC also coordinates services to enroll eligible participants in the Hospital's Obstetrics Clinic, and for the past eight years has provided Certified Lactation Educators to assist and support breastfeeding mothers after delivery.

Lease No. 24687 terminated on October 31, 2006, and the City is currently on a "holdover" status. In an effort to continue providing services from this location, a proposed First Amendment to Lease No. 24687 has been negotiated containing the following major provisions:

- Landlord: St. Mary Physicians Center, a limited liability corporation.
- Tenant: City of Long Beach.
- Premises: 1043 Elm Street, Suite 401, consisting of approximately 4,332 rentable square feet (RSF) of medical office space.
- Length of Term: Ten-year extension term commencing November 1, 2006, and terminating October 31, 2016.
- Rent: The monthly base rent shall be reduced to \$2.05 per RSF or \$8,881 and shall increase three percent annually. This is less than the current monthly base rent of \$2.29 per RSF or \$9,920.
- Tenant Improvements: Landlord shall provide for the replacement of all carpeting and new paint throughout the Premises (TI Project). In addition, the Landlord shall provide an allowance of \$1,500 to be used for the relocation and replacement of furniture, fixtures and equipment during the TI Project.

- Operating Expenses: Tenant shall pay its pro rata share of any increases in building operating and tax expenses, predicated upon a 2007 base year. Tenant shall not pay any increases in property tax due to a transfer, refinancing or change in ownership.
- Security Guard: Tenant shall not be liable for any additional costs associated with the building security guard expenses above and beyond those costs included in the building operating expenses. This equates to an annual savings of approximately \$10,000.
- Option to Renew: Tenant shall have one 5-year option to renew the lease by providing Landlord with at least six-month's prior written notice. If exercised, the monthly base rent shall be \$2.76 per RSF with three percent annual increases. Additionally, the base year for operating and tax expenses for the option term shall be predicated upon a 2017 base year.

All remaining terms and provisions shall remain in full force and effect. This includes the City's ability to terminate the Lease upon six-month's notice in the event the level of funding for the WIC program renders the City unable to maintain the office at the Premises.

This letter was reviewed by Deputy City Attorney Lori A. Conway on October 25, 2006 and Budget Management Officer David Wodynski on October 30, 2006.

City Council action is requested on November 14, 2006 to execute the First Amendment in a timely manner. The commencement date shall be retroactive to November 1, 2006.

Annual Lease payments for the first year of the extension term shall be \$106,572, which represents an approximate \$34,500 savings from the current Lease terms. Sufficient funds are currently appropriated in the Health Fund (SR 130) in the Department of Health and Human Services (HE).

Approve recommendation.

PATRICK H. WEST
DIRECTOR OF COMMUNITY DEVELOPMENT

RONALD R. ARIAS
DIRECTOR OF HEALTH AND HUMAN SERVICES

APPROVED:

GERALD R. MILLER
CITY MANAGER