Legislation Details (With Text)

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Title:	Recommendation to authorize City Manager to execute any and all documents necessary for the Seventh Addendum to Lease No. 30545 between Worldport LLC, (Landlord) and the City of Long Beach (Tenant) for office space at 1851 North Gaffey Street, Suites E-H, San Pedro, California, for the continued operation of the Harbor WorkSource Center by the Workforce Development Bureau of the Human Resources Department. (Citywide)				
Sponsors:	Public Works, Human Resources				
Indexes:					
Code sections:					
Attachments:	1. 030414-C-9sr.pdf				

Date	Ver.	Action By	Action	Result
3/4/2014	1	City Council	approve recommendation	Pass

Recommendation to authorize City Manager to execute any and all documents necessary for the Seventh Addendum to Lease No. 30545 between Worldport LLC, (Landlord) and the City of Long Beach (Tenant) for office space at 1851 North Gaffey Street, Suites E-H, San Pedro, California, for the continued operation of the Harbor WorkSource Center by the Workforce Development Bureau of the Human Resources Department. (Citywide)

On June 19, 2007, the City Council authorized the execution of all documents necessary to merge the workforce development services for the cities of Lomita and Torrance with the City of Long Beach (City) for the creation of the Pacific Gateway Workforce Investment Network (PGWIN). Subsequently, the City of Los Angeles Community Development Department selected PGWIN as the operator for the one-stop resource center for the San Pedro/Harbor Area, also known as the Harbor WorkSource Center (Center). On October 1, 2007, PGWIN formally assumed the role of managing the Center located at 1851 North Gaffey Street, Suites D-H, in San Pedro and the existing lease for the facility was assigned to the City.

The Center is situated along a major bus route with convenient access to Interstate 110 and has ample parking for staff and visitors. The Center is strategically located near the twin ports, which allows for a greater focus on demand occupations within the logistics industry. In partnership with various public and private organizations, the Center has approximately 2,000 customer visits per month. The County Department of Public and Social Services is the primary partner co-located at the Center and is currently subleasing space under a month-to-month tenancy.

The Lease expired on August 31, 2011, and the PGWIN has continued to occupy the Leased

Premises on a month-to-month holdover basis while various alternative options for relocating the Center were being investigated. However, no other alternative locations proved to be viable because of the high costs associated with relocation and the uncertainty of continued funding for the Center. As a result, negotiations were initiated with the Landlord for an extension of the term of the existing Lease for the Center.

In June 2013, the State Employment Development Department (EDD) provided the City with notification of its intention to terminate its sublease and vacated the Center effective September 30, 2013. As a result, the City further negotiated for a reduction in the size of the leased premises by 1,327 square feet (SF) to address the loss of the EDD operations at the Center.

PGWIN is currently participating in a Request for Proposals process with the City of Los Angeles Community Development Department for the continued operation of the Center. As such, a flexible termination right has been included in the Lease extension terms to address the possible discontinuation of funding for Center operations.

In order to secure the current location for continued Center operations, the Seventh Addendum to Lease No. 30545 has been negotiated containing the following major terms and provisions:

- Landlord: Worldport LLC, a Delaware limited liability company.

- Tenant: City of Long Beach.

- Leased Premises: Effective and retroactive to October 1, 2013, the current Leased Premises shall be reduced by 1,327 SF, for a remaining area of 5,393 SF of office space consisting of Suites E-H. Landlord shall pay for the re-demising of the space.

- Term: The term of the Lease shall be extended through September 30, 2016.

- Option to Terminate: Tenant shall have the right to terminate the Lease at any time during the lease term effective ninety (90) days after written notification to Landlord, providing reasonable evidence of non-funding to operate the Center.

- Rent: Effective and retroactive to October 1, 2013, the monthly base rent shall be reduced from $1.40 to $1.30 per SF ($7,011 per month), with annual increases based upon the Consumer Price Index. In no event shall the increase be less than two percent (2%) nor more than four percent (4%). This is a modified gross rate, which includes real estate taxes and common area maintenance expenses for the Leased Premises.

- Tenant Improvements: Landlord shall provide a $1.00 per SF, or $5,393 tenant improvement allowance, for modifications to the Leased Premises.

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- Operating Expenses: Tenant shall be responsible for payment of separately metered utilities and janitorial services for the Leased Premises. Common area maintenance charges and real estate taxes shall be included in the base rent payment.

- Capital Improvements and Repairs: Landlord shall be responsible for all repairs and replacement of the HVAC system in excess of $1,000 in aggregate, in any one lease year. Landlord shall be responsible for all other capital improvements and repairs in excess of $5,000 in aggregate in any one lease year.

- Option to Renew: Tenant shall have one three-year option to further renew the Lease by providing no less than six months prior written notice. The monthly base rent for the option period shall be at the then current rental rate inclusive of the annual rent increases specified in the Lease.

All other remaining terms and provisions of Lease No. 30545 shall remain in full force and effect.

This matter was reviewed by Deputy City Attorney Gary J. Anderson on February 7, 2014 and Budget Management Officer Victoria Bell on February 13, 2014.

City Council action on this matter is requested on March 4, 2014 in order to execute the Seventh Addendum in a timely manner to formalize the continued occupancy of the Leased Premises.

Annual base rent shall be $84,131 for FY 14. The City shall continue to sublease office space to partner agencies and, as a result, customarily recoups approximately fifty percent (50%) of the annual rent costs from these subleases.

Rental payments are funded by the Workforce Investment Act and are currently appropriated in the Community Development Grants Fund (SR 150) in the Human Resources Department (HR). Approval of this recommendation will provide continued support to the local economy.

Approve recommendation.

ARA MALOYAN, PE
DIRECTOR OF PUBLIC WORKS

DEBORAH R. MILLS
DIRECTOR OF HUMAN RESOURCES

APPROVED:

PATRICK H. WEST

CITY MANAGER