



Legislation Text

File #: 15-0293, **Version:** 1

Recommendation to authorize City Manager to execute all documents necessary for the First Amendment to Lease No. 14895 with Eleven Golden Shore L.P., a California limited partnership, for City-owned property adjacent to 11 Golden Shore. (District 2)

On October 9, 1979, the City Council adopted Resolution C-22820 authorizing the execution of Lease No. 14895 with Golden Shore Professional Building, predecessor in interest to Eleven Golden Shore L.P. (Tenant), for an approximate 5,397 square foot remnant piece of right-of-way (Leased Premises) created by the development of Golden Shore and Shoreline Drive and its intersection with the State Tidelands Chapter 138 Line (Attachment). As part of its adjoining office development, Tenant constructed a parking structure and the Leased Premises serves solely as vehicular access to the structure. The Lease provides for a 50-year initial term with a Tenant option to further extend the term for an additional 25 years through October 2054. The monthly base rent throughout the term is \$1 per year.

Tenant has received entitlements to redevelop the adjoining 5.87 acres, which includes the six-story City National Bank building, the two-story Molina Healthcare building and the 14-story Union Bank of California building (Golden Shore Project). Commensurate with the useful lifetime of the planned improvements, Tenant has requested a lease extension for the maximum allowable term to insure its continued use of the Leased Premises solely for ingress and egress to the Golden Shore Project. Given the size and location of the Leased Premises, it has no development potential and its location minimizes its use for future right-of-way purposes. The Leased Premises is located within the Tidelands and is unavailable for conveyance to the Tenant. As a result, use of the Leased Premises by the Tenant keeps the remnant piece of right-of-way activated, landscaped and maintained on behalf of the City.

The proposed First Amendment to Lease No. 14895 has been negotiated containing the following major terms and provisions:

- Landlord: City of Long Beach, a municipal corporation.
- Tenant: Eleven Golden Shore, L.P., a California limited partnership.
- Lease Term: The term of the Lease shall be extended through October 31, 2080.
- Rent: Landlord shall continue to recognize the current base rent of \$1 per year for the remainder of the existing lease term through October 31, 2054. Based on recently completed fair market value negotiations for similarly leased right-of-way in the vicinity, the rent shall increase to \$31,689 per year effective November 1, 2054. Thereafter the rent shall increase

annually by three percent (3%) through the end of the extended term of the Lease.

· Operation, Maintenance and Utilities Costs: Tenant shall continue to assume all costs associated with the operations, maintenance, and use of utilities on the Leased Premises.

· Insurance: Insurance provisions within the Lease shall be updated to reflect current requirements of the City's Risk Management Office.

All remaining terms of Lease No. 14895 shall remain in full force and effect.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on February 26, 2015, and by Budget Management Officer Victoria Bell on March 18, 2015.

City Council action is requested on April 7, 2015 in order to finalize and execute the First Amendment to Lease No. 14895 in a timely manner.

Effective in November 2054, annual revenue of \$31,689 shall accrue to the Tidelands Operations Fund (TF 401). Total revenue over the extended term of the Lease through October 2080 shall be \$1,221,722. There is no local job impact associated with this recommendation.

Approve recommendation.

MICHAEL P. CONWAY
DIRECTOR OF ECONOMIC AND PROPERTY DEVELOPMENT

APPROVED:

PATRICK H. WEST
CITY MANAGER