



CITY OF LONG BEACH

R-30

DEPARTMENT OF PUBLIC WORKS

333 WEST OCEAN BOULEVARD • LONG BEACH, CA 90802 • (562) 570-6383 • FAX (562) 570-6012

September 23, 2008

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute all documents necessary for Lease of excess Terminal Island Freeway right-of-way to Wilmington-Lomita Blvd., LLC, a California limited liability company, for a period of 30 years, with options to extend, for an initial monthly rent of \$6,900. (District 7)

DISCUSSION

The Terminal Island Freeway includes significant excess right of way that remains unimproved and unused. Please see the attached aerial exhibit. City staff has marketed this excess right of way for a number of years, with little resulting interest. Recently, two parties have approached staff regarding the right of way, one for crane storage and related uses and the other for green waste recycling. The green waste recycler determined that the property was not appropriately configured for efficient use. However, the crane user finds the site appropriate.

The excess right of way was appraised by an independent appraiser, Babcock & Macksoud, selected by the proposed lessee. Because of site constraints, including configuration, access, zoning and utility easements, the appraised value of the constrained right of way is reduced from market comparables to \$800,000. The City had the appraisal reviewed by an independent appraiser, Lidgard & Associates, which reflected a value of \$1,275,000. Because this site has unique constraints and limited market, an average of the two values was considered appropriate. Based on an averaged value of \$1,037,500, the annual rent at an 8% return on value is \$83,000 or \$6,900 per month.

The Lessee will be responsible for all improvements necessary to access and utilize the site. Rent will be suspended for a period not to exceed six months, or until such time that entitlements are in place for the intended use, whichever first occurs. If the parties mutually agree, the period of waived rent may be extended for an additional six month period, or until entitlements are in place for the intended use. If requested by the Lessee and the parties do not mutually agree to extend the period of waived rent, Lessee may terminate the Lease.

**DIRECTOR'S OFFICE
BUDGET & PERSONNEL**
333 W. Ocean Blvd., 9th Floor
Long Beach, CA 90802
Ph. (562) 570-6383
Fax (562) 570-6012

ENGINEERING
333 W. Ocean Blvd., 9th Floor
Long Beach, CA 90802
Ph. (562) 570-6634
Fax (562) 570-6012

**ENVIRONMENTAL
SERVICES**
2929 E. Willow Street
Long Beach, CA 90806
Ph. (562) 570-2850
Fax (562) 570-2861

FLEET SERVICES
2600 Temple Avenue
Long Beach, CA 90806
Ph. (562) 570-5400
Fax (562) 570-5414

PUBLIC SERVICE
1601 San Francisco Avenue
Long Beach, CA 90813
Ph. (562) 570-2782
Fax (562) 570-2729

Other pertinent terms and conditions of the proposed lease are as follows:

- Lessor: City of Long Beach
- Lessee: Wilmington-Lomita Blvd., LLC, a California limited liability company
- Property: Approximately 5.3 gross acres and 2.79 useable acres
- Term: 30 Years
- Termination: The City shall reserve the right to unilaterally terminate the lease with 180-days' prior written notice if needed for public right of way purpose
- Options: Two 10-Year Options to Extend the Term
- Rent: \$6,900 per month, adjustable annually by CPI
- Utilities: Tenant shall be responsible for providing and paying for all utilities

This letter was reviewed by Deputy City Attorney Richard F. Anthony on September 11, 2008 and by Budget Management Officer Victoria Bell on September 10, 2008.

TIMING CONSIDERATIONS

City Council action on this matter is requested on September 23, 2008, in order to facilitate the timely relocation of an existing crane business from the City of Carson, the lease for which expires at the end of the calendar year.

FISCAL IMPACT

Beginning at the time that permits are issued, monthly rent in the amount of \$6,900 including annual adjustments for the excess Terminal Island Freeway right-of-way will accrue to the General Fund (GP) in the Department of Community Development (CD).

SUGGESTED ACTION:

Approve Recommendation.

Respectfully submitted,



MICHAEL P. CONWAY
DIRECTOR OF PUBLIC WORKS

Attachment

APPROVED:



PATRICK H. WEST
CITY MANAGER

