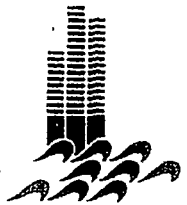


CITY OF LONG BEACH

DEPARTMENT OF COMMUNITY DEVELOPMENT

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802



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CITY CLERK
LONG BEACH, CA

April 24, 2001

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

SUBJECT: Fifth Addendum to Lease No. 21427 With Robert L. Beardmore, or Courtney Dubar and/or Assignee, for Warehouse Space for the Department of Oil Properties and Sublease With the Long Beach Junior Concert Band for Headquarters Space at 3221 Industry Drive, Signal Hill

DISCUSSION

On July 17, 1990, the City Council approved a five-year Lease with the State of California Public Employees Retirement System (PERS) for the warehouse facility at 3221 Industry Drive, Signal Hill, to house the Department of Oil Properties and the Long Beach Junior Concert Band.

The warehouse contains approximately 15,714 square feet of space and is located in an industrial park complex in Signal Hill. Approximately 5,800 square feet (37 percent) of the building is used by the Department of Oil Properties to store their archives and miscellaneous equipment. The remaining area, approximately 9,900 square feet (63 percent), is subleased to the Long Beach Junior Concert Band, which uses the site for its office headquarters, rehearsal halls and storage facilities.

The Long Beach Junior Concert Band (Band) was organized in 1961 to provide music education and instruction to youths between 13 and 20 years of age. The Band has had an outstanding reputation for the past 39 years and has won the Southern California Youth Band Sweepstakes Championship each year from 1989-1999.

In 1995, the City exercised its option to renew Lease No. 21427 for five years; soon thereafter, PERS sold the property to the current landlord, Robert L. Beardmore.

The Lease for 3221 Industry Drive specified a termination date of December 8, 2000. At the occupants' request, the City commenced negotiations with the landlord in August 2000 for the continued use of the warehouse facility. Acknowledging that a long-term agreement might not be in place by the termination date, the City Council authorized an extension to the Lease on October 17, 2000, thereby allowing time for the City and the

landlord to continue lease negotiations. The City Council letter concerning the extension is attached as Exhibit "A." The extension, which terminated on March 31, 2001, became the Fourth Addendum to Lease No. 21427.

During the extension period, several offers and counter-offers were exchanged between the City and the landlord. On February 26, however, the landlord advised the City that he was considering a purchase offer for the warehouse building. Robert Beardmore subsequently has accepted the offer, and the property is now in escrow.

To accommodate both the Department of Oil Properties and the Band, the City has negotiated a lease extension with the prospective buyer, Courtney Dubar and/or assignee. The proposed Fifth Addendum to Lease No. 21427 contains the following major provisions:

- Length of Term: Five years.
- Length/Number of Renewal Options: The City shall have one option to renew for a period of five years with a minimum of 180 days written notice. The option rent shall be \$10,300 with annual 3 percent increases. The landlord shall provide the City with a \$5,000 tenant improvement allowance at the time the Lease is renewed.

- Rent: The monthly base rent shall be as follows –

Months 1-12	-	\$8,900.00 or \$0.57 per square foot
Months 13-24	-	\$9,167.00 or \$0.58 per square foot (+3 percent)
Months 25-36	-	\$9,442.00 or \$0.60 per square foot (+3 percent)
Months 37-48	-	\$9,725.27 or \$0.62 per square foot (+3 percent)
Months 49-60	-	\$10,017.00 or \$0.64 per square foot (+3 percent)

The above rental rates are considered to be very competitive for industrial park warehouse space in this area, which is currently averaging \$0.60-\$0.65 per square foot.

- Security Deposit: The security deposit shall remain with the landlord at the current amount of \$5,814.
- Use: The premises shall be used for the storage of the Department of Oil Properties' archive files and office equipment, and as the headquarters and rehearsal site for the Long Beach Junior Concert Band.
- Utilities, Services and Taxes: The City shall continue to pay utilities, taxes and a common area charge.

- Building Improvements: The landlord, at his sole cost and expense, shall provide the following improvements to the Building –

Clean, repair, slurry coat and re-stripe parking lot
Repair fence and replace bollards
Repair roof
Repair ceiling
Repair front office windows

- Tenant Improvement Allowance: The landlord shall provide a Tenant Improvement Allowance of \$20,100 (\$1.28 per square foot), with a rental credit for any unused portion of the allowance.
- Indemnity and Insurance: The City shall indemnify the landlord against all liability and maintain self-insurance for liability coverage.

With the exception of the above changes, all other terms, covenants and conditions in Lease No. 21427 and the previous four Addenda shall remain in effect.

A new Sublease with the Long Beach Junior Concert Band is required to update the terms and conditions of its use and to mirror the terms and conditions of the Fifth Addendum to the Master Lease. Specifically, the Band will pay 63 percent of the base rent or \$5,607 per month.

This letter was approved by Deputy City Attorney Donna F. Gwin on April 12, 2001, and by Budget Bureau Manager Annette Hough on April 16, 2001.

TIMING CONSIDERATIONS

The Fourth Addendum to Lease No. 21427 terminated on March 31, 2001. Action is requested at the April 24, 2001 City Council meeting in order to ratify continued occupancy and to complete this transaction prior to the close of escrow on April 30, 2001.

FISCAL IMPACT

Base rent payments will increase by \$1,989 monthly, or \$23,868 annually, during the first 12 months of the new term. As such, the base rent payments will be equal to \$8,900 monthly, or \$106,800 annually, with an annual 3 percent rent increase during the remainder of the term. For the remainder of FY 01, the increase to the base rent totals \$11,934. Payments are made by the Property Services Bureau in the Department of Community Development using General Fund (GP 100) monies. Since the Department of Oil Properties and the Long Beach Junior Concert Band, as occupants of the building, fully reimburse the Property Services Bureau for these expenses, there is no

April 24, 2001

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net impact on the General Fund. Because the rent increase has not been budgeted, an appropriation increase is included in the recommendation below.

IT IS RECOMMENDED THAT THE CITY COUNCIL:

1. Authorize the City Manager to execute the Fifth Addendum to Lease No. 21427 with Robert L. Beardmore, or Courtney Dubar and/or Assignee, for warehouse space at 3221 Industry Drive, Signal Hill, for the Department of Oil Properties and the Long Beach Junior Concert Band, at the monthly base rental rate of \$8,900 for the first 12 months of the Lease term, with annual 3 percent increases thereafter, for a term of five years.
2. Authorize the City Manager to execute a Sublease between the City of Long Beach and the Long Beach Junior Concert Band for approximately 9,900 square feet of the warehouse building at 3221 Industry Drive, Signal Hill, for uses described above, at the monthly base rental rate of \$5,607 (63 percent) for the first 12 months of the Lease term, with annual increases of 3 percent thereafter, for a term of five years.
3. Increase appropriations in the General Fund (GP 100) and in the Department of Community Development (CD) by \$11,934.

Respectfully submitted,

L. G. Montgomery, for

MELANIE S. FALLON
DIRECTOR OF COMMUNITY DEVELOPMENT

Dennis M. Sullivan

DENNIS M. SULLIVAN
DIRECTOR OF OIL PROPERTIES

MSF:DMS:MDL:jmlr
Attachment: Exhibit "A"
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APPROVED:

Henry Taboada

HENRY TABOADA
CITY MANAGER



CITY OF LONG BEACH

DEPARTMENT OF COMMUNITY DEVELOPMENT

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802

October 17, 2000

RECEIVED
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LONG BEACH, CALIFORNIA
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HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

SUBJECT: Fourth Addendum to Lease No. 21427 With Robert L. Beardmore for Warehouse Space for the Department of Oil Properties and First Amendment to Sublease No. 21427 With the Long Beach Junior Concert Band for Headquarters Space at 3221 Industry Drive, Signal Hill

DISCUSSION

On July 17, 1990, the City Council approved a five-year Lease with the State of California Public Employees Retirement System (PERS) for the warehouse facility at 3221 Industry Drive, Signal Hill, to house the Department of Oil Properties. A portion of the facility is subleased to the Long Beach Junior Concert Band.

The Long Beach Junior Concert Band (Band) was established in 1961 to organize and maintain a youth band providing musical education and instruction to children between 13 and 20 years of age. The Band has had an outstanding reputation for the past 39 years, and has won the Southern California Youth Band Sweepstakes Championship each year from 1989-1999.

In 1995, the City exercised its option to renew Lease No. 21427 for five years. Soon thereafter, the building was sold to Robert L. Beardmore, successor in interest to the property.

The above-mentioned warehouse contains approximately 15,714 square feet and is located in an industrial park complex in Signal Hill. Approximately 5,000 square feet of the building is used by the Department of Oil Properties to store files and miscellaneous equipment. The remaining area is subleased to the Long Beach Junior Concert Band, which is headquartered at this site.

The City continues to support the efforts of the Band for the purpose of promoting a positive image of the City of Long Beach and assists in providing the group with a permanent rehearsal facility at 3221 Industry Drive.

On December 8, 2000, Lease No. 21427 will terminate. Both the Department of Oil Properties and the Long Beach Junior Concert Band prefer to continue using the same site, which meets their respective space and program requirements.

To accommodate the tenants, the City and the Landlord have requested that the current Lease term be extended for the purpose of negotiating a new long-term agreement at this or an alternative site. The proposed Fourth Addendum contains the following major provisions:

- Address: 3221 Industry Drive, Signal Hill.
- Length of Term: Approximately four months, until March 31, 2001.
- Rent: The rent shall remain at \$6,910.98 per month.
- Use: The premises shall be used for band rehearsals and the storage of musical equipment, files and furniture.
- Utilities, Taxes and Maintenance: The City shall continue to be responsible for paying utilities, taxes and a common area charge.
- Indemnity and Insurance: The City shall indemnify the Landlord against all liability and maintain self-insurance for liability coverage.

An amendment to the Sublease is also required to mirror the Lease and extend the term between the City and the Band.

With the exception of the amended termination date, all of the other terms, covenants and conditions in Lease No. 21427; the previous three Addenda, and Sublease No. 21427 shall remain in effect.

Terms and conditions for a new long-term lease will be presented to the City Council for approval when negotiations are complete.

Donna F. Gwin, Deputy City Attorney, is assisting Community Development with the Fourth Addendum to Lease No. 21427 and the First Amendment to Sublease No. 21427 and reviewed this letter on October 6, 2000. This letter was also reviewed by Annette Hough, Budget Manager, on October 5, 2000.

TIMING CONSIDERATIONS

Although Lease No. 21427 does not expire until December 8, 2000, City Council approval of this item on October 17, 2000 will allow the long-term lease negotiations with Mr. Beardmore to continue and will allow the Band and the Department of Oil Properties to maintain their operation without commencing a site search for a new facility to occupy as of December 9, 2000.

FISCAL IMPACT

Lease payments are \$6,910.00 per month, for the four-month extension. Funds are budgeted in the Property Services Bureau of the Department of Community Development. Payments are initially made out of the General Fund (GP 100) and

reimbursed 100% by the occupants of the building, Oil Properties at 37% and the Long Beach Concert Band at 63%. There is no General Fund liability.

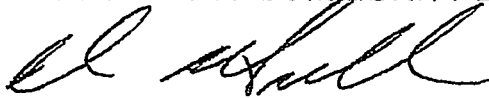
IT IS RECOMMENDED THAT THE CITY COUNCIL:

1. Authorize the City Manager to execute the Fourth Addendum to Lease No. 21427 with Robert L. Beardmore for warehouse space at 3221 Industry Drive, Signal Hill, for the Department of Oil Properties and the Long Beach Junior Concert Band, at the monthly rental rate of \$6,910.98 for a term of four months.
2. Authorize the City Manager to execute a First Amendment to Sublease Number 21427 between the City of Long Beach and the Long Beach Junior Concert Band to extend the term to March 31, 2001.

Respectfully submitted,



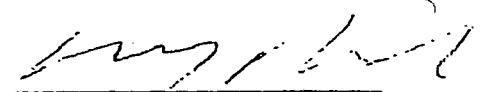
MELANIE S. FALLON
DIRECTOR OF COMMUNITY DEVELOPMENT



DENNIS M. SULLIVAN
DIRECTOR OF OIL PROPERTIES

APPROVED:

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HENRY TABOADA
CITY MANAGER