



# CITY OF LONG BEACH

DEPARTMENT OF COMMUNITY DEVELOPMENT

# R-18

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802

August 10, 2010

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

## RECOMMENDATION:

Authorize the City Manager to execute all documents necessary for a lease with California State University, Long Beach, for the operation of Blair Field, located at 4700 Deukmejian Drive, for an initial term of 11 years, with the option to extend the lease for four additional periods of 11 years each. (District 3)

## DISCUSSION

Since 1958, Blair Field, located at 4700 Deukmejian Drive, has fostered local amateur baseball and football in Long Beach, including long-standing use by the Long Beach Unified School District (LBUSD) for its high school athletic events. Throughout the years, it has been a popular location for celebrity sports competitions, the filming of commercials, television programs, and movies. It has also been used by professional sports teams such as the Chicago Cubs and the Los Angeles Rams for practice, and is the current home of the California State University at Long Beach (CSULB) baseball team, the "Dirtbags."

The use of Blair Field by CSULB is currently governed under Use Permit No. 28843 (Permit), which was approved by the Parks and Recreation Commission on April 15, 2004. In an effort to reduce costs for non-core services, the City Council authorized the Department of Parks, Recreation, and Marine (PRM) in Fiscal Year 2009 (FY 09) to open negotiations with CSULB for a long-term lease of Blair Field. The Permit was amended to transfer all maintenance responsibilities and control of concessions at Blair Field from the City to CSULB, effective January 1, 2010.

From the City's perspective, the intent of the lease is fourfold: 1) reduce ongoing operations and maintenance costs; 2) secure needed capital improvements and other physical enhancements to the facility; 3) maintain the ability to use the facility for LBUSD athletics and other City-sponsored events; and 4) obtain additional community recreational benefits through the provision of annual youth sports clinics. In exchange for the above and for other consideration, staff proposes a lease containing the following major terms and provisions:

- Landlord: City of Long Beach.
- Tenant: California State University Long Beach.

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- Length of Term: The term of the Lease shall be for an eleven-year period, commencing on September 1, 2010 and terminating on August 31, 2021.
- Options to Extend: Tenant shall have the option to extend the Lease for four additional periods of 11 years each.
- Termination Option: Tenant shall have the right to terminate the Lease with 180 days prior written notice to the Landlord; provided, however, that should the proposed termination date occur during a baseball season, then both parties shall negotiate in good faith to determine an alternate termination date.
- Leased and Option Premises: The leased premises shall include the real property located at 4700 Deukmejian Drive, commonly known as Blair Field, the stadium, and all related improvements. Tenant shall have the option to include two additional parcels of real property located immediately beyond the right and left field fences as part of the Lease. The option parcels shall be used for facilities related to Blair Field as approved by the City Manager. An aerial map is attached.
- Use: Tenant shall use the Leased Premises to conduct collegiate sporting events and related uses. Any other use shall be subject to the approval of Landlord.
- Landlord Reserved Use (City Days): Landlord shall reserve the right to use the Leased Premises for up to 40 days each calendar year to conduct community services, athletic, or recreational activities, including allowing LBUSD to use these days to conduct high school athletic events. Tenant shall provide standard custodial, field preparation, and field lighting (if applicable) on each City Day. However, Landlord shall reimburse Tenant for its direct costs associated with any extraordinary custodial services and/or extraordinary field preparation above said standard service.
- Rent: In accordance with a fair market appraisal of the land and improvements conducted by R. P. Laurain & Associates, base rent shall be \$338,000 per year. In addition, Tenant shall pay percentage rent equal to eight percent of the annual gross revenue in excess of \$600,000 (revenue threshold) from advertising, concessions and naming rights attributable to Tenant's use of the Premises. The base rent and revenue threshold stated above shall be subject to annual adjustments based upon the Consumer Price Index (CPI).
- Offsets to Rent: The base rent shall be offset on an annual basis as follows:
  - City Days: The base rent shall be offset by the current daily base rent times the number of scheduled City Days.

- Operating Cost Avoidance: The base rent shall be offset by an amount equal to 50 percent of Landlord's avoided operating cost of \$346,000. The avoided operating cost shall be subject to annual CPI adjustments.
- Capital Improvement Expenditures: The base rent shall be offset during the lease term by a prescribed percentage of the documented capital improvement expenditures.
- Capital Improvements: Tenant shall be required to spend a minimum of \$5,000,000 in capital improvements that add additional capacity or extend the useful life of the Leased Premises. If Tenant exercises the first option to extend, Tenant shall be required to spend an additional \$2,000,000 in capital improvements during the extended term.
- Community Sports Clinics: Tenant shall provide a minimum of six selected annual youth sports clinics in conjunction with its intercollegiate teams and coaches.

This letter was reviewed by Deputy City Attorney Richard F. Anthony on July 12, 2010 and Budget Management Officer Victoria Bell on July 28, 2010.

#### TIMING CONSIDERATIONS

City Council action is requested on August 10, 2010, in order to finalize and execute the Lease in a timely manner and reduce General Fund costs related to the City's operation of Blair Field.

#### FISCAL IMPACT

The City does not anticipate receiving base rental payments due to the rental offsets previously described. In lieu thereof, CSULB shall assume all operating expenses and make a minimum of \$5,000,000 in capital improvements to the facilities over the initial lease term. The Fiscal Year 2011 (FY 11) Proposed Budget for PRM reflects the anticipated annual savings of approximately \$346,000 to the General Fund (GP). Over the initial 11-year term of the lease, the cumulative General Fund savings could be as much as \$4,431,497.

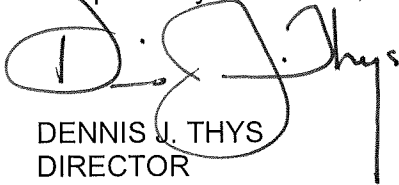
The anticipated job impact includes the creation of two full-time field maintenance personnel and several part-time jobs in concessions and custodial services. Previous PRM staff associated with Blair Field operations have been reassigned to other programs within the Department.

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SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



DENNIS J. THYS  
DIRECTOR  
DEPARTMENT OF COMMUNITY DEVELOPMENT



PHIL T. HESTER  
DIRECTOR  
DEPARTMENT OF PARKS,  
RECREATION, AND MARINE

DJT:PTH:VSG:MTB  
8-10-10 Blair Field v1

Attachment

APPROVED:



PATRICK H. WEST  
CITY MANAGER

