

October 12, 2021

C-11

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager, or designee, to consent to an Assignment and Assumption of Lease No. 28222 (Lease), for First Serve Tennis, Inc., and assign the Lease to Bridge Enterprises, Inc., a California corporation, for the continued operation and maintenance of El Dorado Park and Billie Jean King Tennis Centers until expiration of the Lease on December 31, 2023. (District 3, 5)

DISCUSSION

On April 3, 2003, the City of Long Beach (City), entered into Lease No. 28222 (Lease) with Cathy Jacobson Guzy, an individual doing business as First Serve, dba, First Serve Tennis, Inc. (Lessee), to operate and maintain the El Dorado Park and Billie Jean King Tennis Centers.

Lessee has provided written notice to the Director of Parks, Recreation and Marine Department of their intention to retire and remove themselves as the responsible party of the Lease before the expiration date of December 31, 2023. The Department supports the action of the Lessee to retire and the assignment of the Lease to Bridge Enterprises, Inc., for the remaining period of the Lease. Bridge Enterprises, Inc., has worked with First Serve Tennis, Inc., and the Department for 18 years, but has served the Long Beach community for over 25 years, providing tennis instructions. If authorized, the Lessee assigns to Bridge Enterprises, Inc. (Assignee), all of its rights, title, and interest in and under the Lease. Assignee will assume and agree to perform all the duties and obligations under the Lease that accrue on or after the effective date. If the assignment of Lease is approved, the Director of Parks, Recreation and Marine intends to transfer related Permit No. 28246 to Assignee. The Permit allows the Lessee to use municipal tennis courts throughout Long Beach for contractual classes. Prior to the expiration date of the Lease, the City intends to issue a Request for Proposals to open the tennis opportunities to the public.

This matter was reviewed by Deputy City Attorney Anita Lakhani on September 21, 2021 and by Budget Analysis Officer Greg Sorensen on September 23, 2021.

TIMING CONSIDERATIONS

City Council action is requested on October 12, 2021, to allow for Assignment and Assumption of the Lease in a timely manner.

FISCAL IMPACT

If approved, Bridge Enterprises, Inc., the Assignee, will continue Lessee obligations to provide the Department an annual minimum rent of \$22,500 in equal monthly installments, pay the greater of 10 percent of all gross receipts received by the newly Assigned Lessee and 24 percent of charges received from instructors hired. All operating and maintenance costs for El Dorado Park and Billie Jean King Tennis Centers will be the responsibility of Bridge Enterprises, Inc. The Department does not anticipate incurring any expenses due to the assignment of the Lease. Additionally, following the Lease transfer, Permit No. 28246 will be eligible to be transferred, at the Department's discretion, to Assignee to allow for the continuation of contractual tennis classes. The annual minimum permit fee is \$9,000, or 10 percent of total gross receipts, whichever is greater. Rent, gross receipts, fees and charges will continue to accrue to the General Fund Group in the Parks, Recreation and Marine Department. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



BRENT DENNIS
DIRECTOR OF PARKS, RECREATION AND MARINE

BD:SS:SD:NV:AC

APPROVED:



THOMAS B. MODICA
CITY MANAGER