

EXHIBIT "A"



CITY OF LONG BEACH

DEPARTMENT OF COMMUNITY DEVELOPMENT

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802

May 20, 2003

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

SUBJECT: Second Amendment to Lease No. 26751 With 110 Pine, LLC, for Additional Office Space at 110 Pine Avenue, Suite 1200, for the Consolidation of Bureaus in the Department of Community Development (District 2)

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DISCUSSION

On February 8, 2000, the City Council approved Lease No. 26751 with 110 Pine, LLC ("Landlord"), for approximately 6,905 square feet of office space at 110 Pine Avenue, Suite 1200, to house the Department of Community Development, Housing Services Bureau (see Exhibit "A"). This constituted 80 percent of the 12<sup>th</sup> floor. The Lease had a term of three (3) years and was scheduled to expire on June 30, 2003.

On May 21, 2002, the City Council approved the First Amendment to Lease No. 26751 to include Suite 1100, to house the Workforce Development Bureau (see Exhibit "B"). This constituted the entire 11<sup>th</sup> floor. The First Amendment also extended the term of the Lease to expire on June 30, 2005.

The Economic Development Bureau is currently located in leased office space at 200 Pine Avenue, Suite 400, under Lease No. 22543, which will terminate on September 30, 2003. In an effort to reduce annual leasing costs, the Department of Community Development now intends to consolidate Bureau operations. Recent reductions in Workforce Development staff will allow for the relocation of the Economic Development Bureau to 110 Pine Avenue. To adequately support Bureau operations due to the consolidation, additional office space is needed.

A proposed Second Amendment to Lease No. 26751 has been negotiated for approximately 1,777 square feet of additional office space in Suite 1200. This constitutes the remaining 20 percent of available office space on the 12<sup>th</sup> floor. The proposed Second Amendment to Lease No. 26751 would contain the following provisions:

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- **Length of Term:** The Lease term for the additional office space shall be co-terminus with the remaining premises with an expiration date of June 30, 2005. The target commencement date shall be July 1, 2003.
- **Rent:** The monthly base rent for the additional office space shall be \$2,240 (\$1.26 per rentable square foot) for months 1-3; \$2,328 (\$1.31 per rentable square foot) for months 4-15; and \$2,417 (\$1.36 per square foot) for months 16-27. The effective monthly rate shall be \$2,358, or \$1.33 per rentable square foot, per month, over a 27-month period. This is considered very competitive for office lease rates in the downtown Long Beach area.
- **Parking:** The Landlord shall provide four additional parking stalls at the monthly parking rate of \$50 per stall per month.
- **Tenant Improvements:** The Landlord, at Landlord's sole cost and expense, shall provide a "turn-key" improvement package based upon space plans that have been approved by both Landlord and Tenant. Additionally, the Landlord shall provide the Tenant with \$1,700 for the costs of installing new voice/data cabling and equipment installation. Any unused portion of the cabling/equipment allowance shall be used as a credit toward the Tenant's base rent.

With the exception of the above changes, all other terms, covenants, and conditions in Lease No. 26751 shall remain in effect.

This letter was reviewed by Deputy City Attorney James N. McCabe on May 6, 2003, and by Budget Manager Michael Killebrew on May 12, 2003.

**TIMING CONSIDERATIONS**

City Council action is requested on May 20, 2003, to meet a July 1, 2003, target commencement date.

**FISCAL IMPACT**

The annual rental payment for the additional office space at 110 Pine Avenue, Suite 1200 is \$7,317 in FY 03 and \$30,334 in FY 04. The FY 04 rental payment is offset by the elimination of leased office space at 200 Pine Avenue at a savings of \$177,500, providing a net savings of \$147,166.

Sufficient funding for the FY 03 rental payment is budgeted in the Community Development Grants Fund (SR 150) in the Department of Community Development (CD) to support this activity. There is no impact on the General Fund.

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IT IS RECOMMENDED THAT THE CITY COUNCIL:

Authorize the City Manager to execute the Second Amendment to Lease No. 26751 with 110 Pine, LLC, for additional office space at 110 Pine Avenue, Suite 1200, for the Department of Community Development at the effective monthly rental rate of \$2,358 for a term to be co-terminus with the remaining premises.

Respectfully submitted,

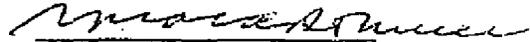


MELANIE S. FALLON  
DIRECTOR OF  
COMMUNITY DEVELOPMENT

MSF:JMLR:tel  
Attachments: Exhibit "A"  
Exhibit "B"

05.20.03ccltrAmend2.110Pine.doc

APPROVED:



GERALD R. MILLER  
ACTING CITY MANAGER