



CITY OF LONG BEACH

R-32

DEPARTMENT OF COMMUNITY DEVELOPMENT

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802

May 13, 2008

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

1. Authorize the City Manager to execute all documents necessary for a Lease between the Redevelopment Agency of the City of Long Beach (Landlord) and the City of Long Beach (Tenant) and any amendments, at the discretion of the City Manager, for office space at 1900 Atlantic Avenue, Suite 200, to house the City's Center for Working Families at an annual rental rate of \$1.00 for a term of approximately sixty-six months. (District 6)
2. Authorize the City Manager to execute any and all documents necessary for Subleases by and between the City of Long Beach (Sublandlord) and various agencies and organizations (Subtenants) on an "as-needed" basis for the continued operation of the Center for Working Families on City-leased property at 1900 Atlantic Avenue, through the end of the term of the Master Lease. (District 6)

DISCUSSION

One of the priorities of the Central Long Beach Redevelopment Plan is to support the revitalization of commercial sites and to improve commercial corridors. In 2004, the Redevelopment Agency oversaw the construction of Renaissance Square (Project), a two-story, 12,000 square foot mixed-use building located at 1900 Atlantic Avenue (see Attachment) in the Central Redevelopment Project Area. The mission of the Tenant, as well as its business partners, is to create an economic vitality for the community by offering a vast array of financial services and training programs that are described further in this report.

The Project was partially funded through a grant from the United States Department of Commerce – Economic Development Administration (EDA). The EDA grant award had two stipulations, the first being that a retail business serving the neighborhood occupied the ground floor suite (Suite 100). Accordingly, the Redevelopment Agency executed Lease No. CT 55 with Union Bank of California (UBOC) on November 18, 2003. UBOC provides a community-based banking program and specialized banking products, which are tailored to meet the financial needs of the community.

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The second EDA grant stipulation was that a social service agency occupied the second floor suite (Suite 200). To meet this requirement, a new Lease has been negotiated with the City of Long Beach to house its Center for Working Families (CWF) at this location.

The Pacific Gateway Workforce Investment Network (Network) and the Workforce Investment Board opened the CWF in 2006, creating access to employment resources, job training and family support programs for many of the community's low-income residents. Since its inception, the CWF has placed hundreds of residents in targeted training programs, which includes access to the construction trades, environmental remediation and utilities/energy production. The Workforce Investment Board oversees services for the cities of Lomita, Long Beach, Signal Hill and Torrance, and has over 20 years of experience in delivering Network programs to the community.

To further enhance the CWF program, the Network intends to partner with organizations such as California State University, Long Beach, the Long Beach Community College District, the State of California, the County of Los Angeles and other entities (collectively, Partners). The CWF shall actively seek additional Partners that provide the most comprehensive resources, which supplement the Project's mission of offering financial services, as well as access to job training and employment opportunities for the Long Beach community.

In light of the above information, the CWF shall have ongoing subleasing activities with various Partners. The monthly base rent shall be equivalent to the City's total cost under the Master Lease or shall be offered at a reduced rate depending on the funding capability of the specific Partner. The subleased office space shall range in size from 80 square feet to 120 square feet and, although a few Subleases shall be co-terminus with the term of the Master Lease, the majority of the Subleases shall be either one-year Subleases with annual renewals, or shall be month-to-month Subleases, due to unsecured funding from year to year.

The proposed Lease between the Redevelopment Agency and the City, as identified in the first recommendation above, contains the following major provisions:

- Premises: The leased premises shall be composed of approximately 5,878 rentable square feet of office space at 1900 Atlantic Avenue, Suite 200.
- Use: General office use.
- Length of Term: The term shall be for approximately sixty-six months and shall be co-terminus with Lease No. CT 55 (i.e., ending on November 30, 2013).
- Rent: The annual rent shall be \$1.00 in consideration for the City providing valuable community services to the neighborhood. The estimated monthly market rental rate for this office space is approximately \$0.70 per square foot or

\$4,115 plus utilities, services and taxes. As such, the Redevelopment Agency is providing the City with office space that has an estimated annual market rental value of approximately \$49,380 in exchange for the City offering a variety of valuable programs and services to the community.

- Utilities, Services and Taxes: The City shall pay for all utilities and services provided to the Premises, together with the taxes thereon. The City shall also pay its proportionate share (52 percent) of all costs incurred by the Redevelopment Agency in the operation, ownership, management, maintenance and repair of the property (common area maintenance expenses). For the first year of the Lease term, the estimated cost is \$41,208 for all of the above-mentioned expenses.
- Parking: On-site parking shall be available to the City, at no additional cost.
- Options to Extend: The City shall have two options to extend the term of the Lease for two separate, consecutive periods of five years each.

This letter was approved by Chief Assistant City Attorney Heather A. Mahood on February 28, 2008 and Budget Management Officer Victoria Bell on April 18, 2008.

TIMING CONSIDERATIONS

On February 4, 2008, the Redevelopment Agency Board authorized the execution of the agreement. City Council action is requested on May 6, 2008, in order to finalize and execute the agreement.

FISCAL IMPACT

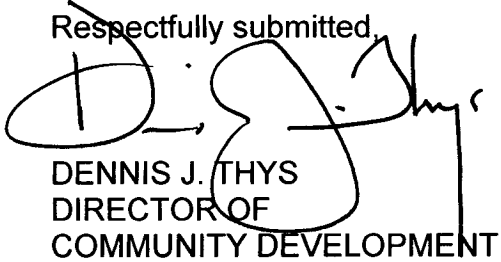
The total estimated FY 08 costs for utilities, services, taxes and common area maintenance (CAM) expenses are estimated to be \$41,208. Assuming a three percent annual increase in these expenses for budgetary purposes, expenses are estimated to be \$42,444 for FY 09 and \$274,511 for the entire 66-month term. Sufficient funds are currently budgeted in the Community Development Grants Fund (SR 150) in the Department of Community Development (CD). There is no impact on the General Fund.

Revenue from the prospective Subleases at the Center for Working Families shall accrue to the Community Development Grant Funds (SR 150) in the Department of Community Development (CD) and shall be utilized to offset base rent, utilities, services, taxes and CAM expenses for the facility. There shall be no impact to the General Fund.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



DENNIS J. THYS
DIRECTOR OF
COMMUNITY DEVELOPMENT

DJT:CAB:MDL:lel
CC L Renaissance Sq
Attachment

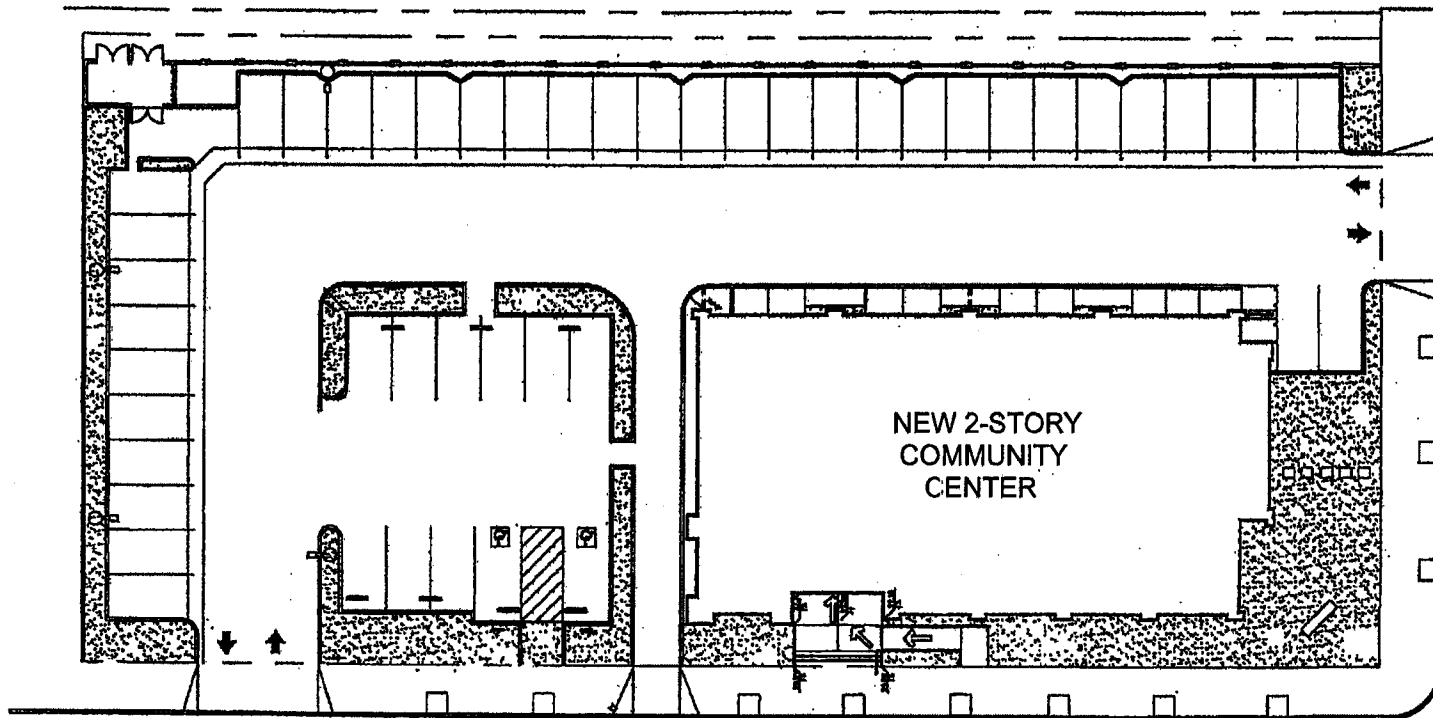


CRAIG A. BECK
DIRECTOR OF
DEVELOPMENT SERVICES

APPROVED:



PATRICK H. WEST
CITY MANAGER



ATLANTIC AVENUE

19TH STREET

SITE PLAN AND GROUND FLOOR PLAN



RENAISSANCE SQUARE

1900 ATLANTIC AVENUE

LONG BEACH, CA



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ATTACHMENT