

C-5

May 17, 2022

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager or designee, to execute the Fifth Amendment to Lease No. 24851 (Lease) between Bojaro, LLC, a California limited liability company, and T&G Development, LLC, a California limited liability company, as successor in interest to Gregory R. Gill and Tomilee Tilley Gill, trustees of the Gill Family Trust (collectively, Landlord) and the City of Long Beach (Tenant) for office space at 236 E. Third Street, Suites 205 and 230, for the Video Communications Division of the Technology and Innovation Department. (District 1)

DISCUSSION

On May 2, 2017, the City Council authorized the execution of the Fourth Amendment to Lease No. 24851 (Lease) for the City of Long Beach's (City) continued leasing of approximately 4,502 square feet of office space at 236 E. Third Street, Suites 205 and 230 (Premises) (Attachment), to house the Video Communications Division (VCD) of the Technology and Innovation Department. The Lease includes a five-year option to extend provided the rental rate is adjusted to fair market rent via a Fifth Amendment.

VCD operates and manages the City's cable channel, LBTv, producing nearly 300 hours of locally originated programming annually. Additionally, VCD relays City information, via cable television, internet, social media and most recently Apple and Roku TV to Long Beach residents, assists with cable-related consumer complaints, and provides other programming services to City departments including LIVE content as requested. VCD's current location is in a two-story building on Third Street, adjacent to the Promenade and across from The Streets and Studio 1:11. The configuration of the Premises and its open ceilings provide a preferred layout for television studio production, given the need to use extensive equipment and lighting. The Premises' location is within walking distance of the Civic Center and allows for hosting various programs produced there on-site. Additionally, the Premises are connected to the Charter Communications distribution head end center via fiber optic cable. This connection provides for stability and a quality signal for the distribution of LBTv throughout the community. Extension of Lease No. 24851 will allow VCD to continue operations in an optimal location. Further, as part of the extension, the Landlord has agreed to perform some interior improvements such as paint, new doors, concrete floors and addition of new electrical circuits to accommodate LED production lighting and new window tinting and blinds.

A proposed Fifth Amendment to Lease No. 24851 has been negotiated containing the following major terms and provisions:

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- Landlord: Bojaro, LLC, a California limited liability company, and T&G Development LLC, a California limited liability company, as successor in interest to Gregory R. Gill and Tomilee Tilley Gill, trustees of the Gill Family Trust.
- Tenant: City of Long Beach, a municipal corporation.
- Premises: 236 E. Third St., consisting of approximately 4,502 square feet of office/CATV production space.
- Use: General offices and studio for Video Communications/LBTV.
- Extended Term: 60 months commencing March 1, 2022, through February 28, 2027.
- Renewal Options: 60 months, with the monthly base rent for the option period at \$2.30 per rentable square foot per month and will increase by \$0.05 per rentable square foot on the anniversary date of the Lease.
- Rental Rate: Full Service Gross at the following schedule:
 - Months 1-12: \$2.05 per square foot, per month.
 - Months 13-24: \$2.10 per square foot, per month.
 - Months 25-36: \$2.15 per square foot, per month.
 - Months 37-48: \$2.20 per square foot, per month.
 - Months 49-60: \$2.25 per square foot, per month.
- Rent Abatement: The monthly base rent will be abated for months twenty-five (25), and thirty-seven (37) of the Extended Term. If City elects to terminate its Lease on or after March 1, 2025, then the rent abatement is deemed null and void.
- Base Year: Effective March 1, 2022, the Base Year for annual operating expenses will be adjusted to the calendar year 2022. If Tenant exercises its option to renew pursuant to Section 1, then the Base Year for annual operating expenses shall be adjusted to the calendar year 2027.
- Utilities, Services and Taxes: The Landlord will continue to furnish all utilities and services and shall be responsible for paying real property taxes. The Tenant shall pay its pro-rated share of increases in operating expenses and taxes expended above the 2022 Base Year.
- Tenant Improvements: Landlord will provide tenant improvements to the Premises including paint, new doors, concrete floors and addition of new electrical circuits to accommodate LED production lighting and new window tinting and blinds.

- Right to Cancel: Landlord will grant Tenant the right to terminate the Lease effective on or after March 1, 2025, provided that: (a) Tenant provides Landlord at least one hundred eighty (180) days prior written notification ("Termination Notice") of its intended termination date, and (b) within ninety (90) days after the date of the Termination Notice, Tenant will deliver to Landlord the unamortized costs of the Tenant Improvement Allowance utilized plus the commissions paid for the Premises. The amortization period shall be over the Extended Term and applied on a straight-line basis.

All other remaining terms and provisions of the Lease will remain in full force and effect.

This matter was reviewed by Principal Deputy City Attorney Richard F. Anthony on April 25, 2022 and by Budget Operations and Development Officer Rhutu Amin Gharib on April 27, 2022.

TIMING CONSIDERATIONS

City Council action is requested on May 17, 2022, to execute the Fifth Amendment in a timely manner.


FISCAL IMPACT

Under the Lease agreement, the monthly base rent will begin at approximately \$9,229. The base rent will increase annually by \$0.05 per square foot. The Landlord shall pay all operating expenses; however the City will pay a pro-rated share of increased operating expenses over the 2022 Base Year. This amount is estimated at \$250 per month. Rent for the amended lease period, beginning March 2022, for Fiscal Year 2022 (FY 22) will be approximately \$64,603. The Technology and Innovation Department has appropriation of \$87,100 in the General Services Fund Group to pay for the existing and amended lease terms in FY 22. 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.

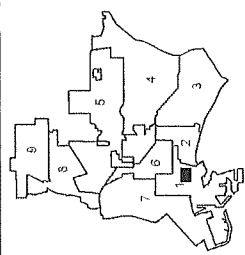
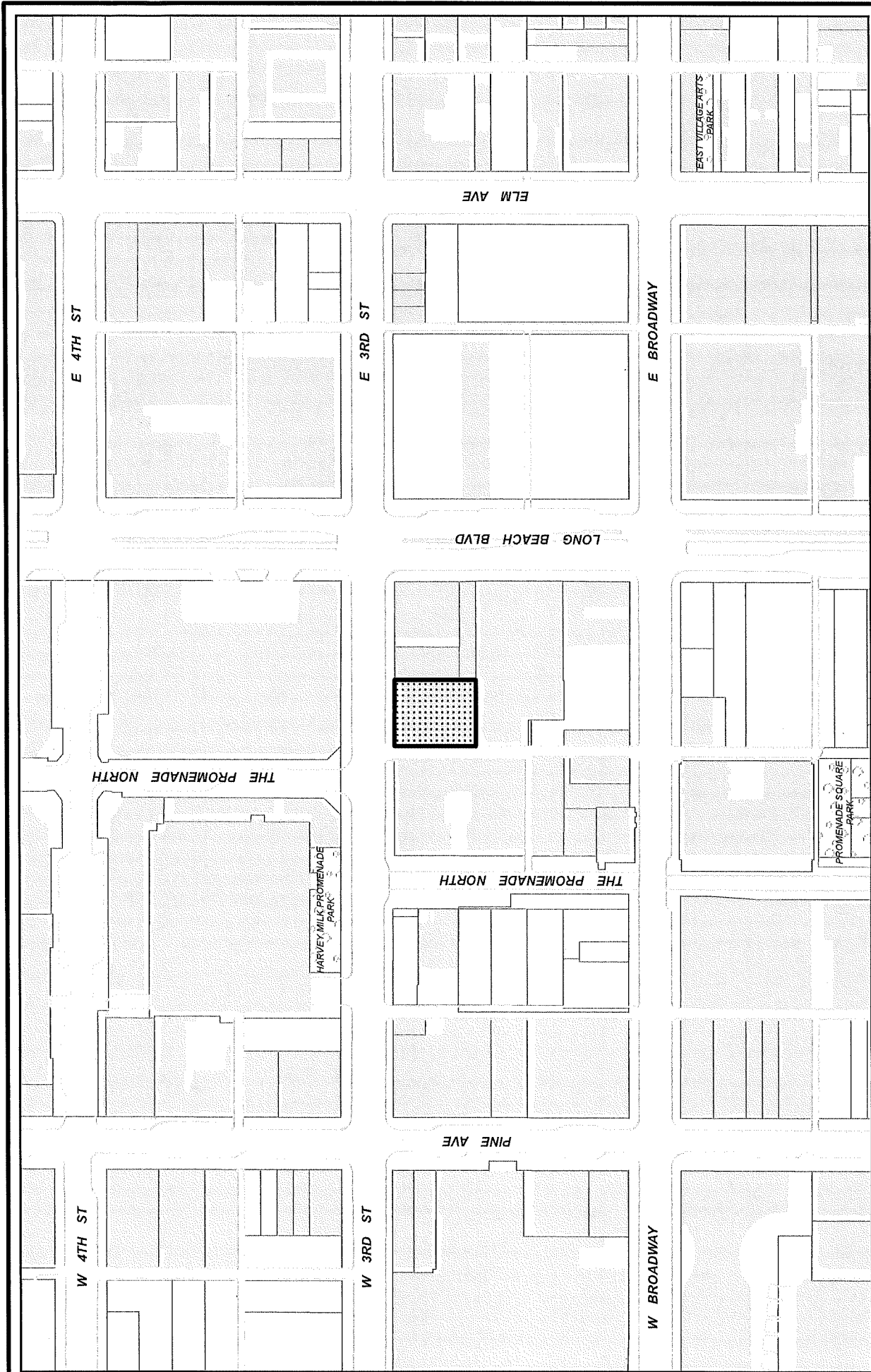
Respectfully submitted,


JOHNNY M. VALLEJO
ACTING DIRECTOR OF
ECONOMIC DEVELOPMENT


LEA D. ERIKSEN
DIRECTOR OF TECHNOLOGY AND INNOVATION

APPROVED:


THOMAS B. MODICA
CITY MANAGER



Attachment



Subject Property:
236 3rd St
Council District : 1

