

September 8, 2020

**C-5**

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

**RECOMMENDATION:**

Authorize the City Manager, or designee, to execute all documents necessary for the Second Amendment to Lease No. 29346 with Long Beach Center, LLC, a Delaware limited liability company, for a two-year extension for City-leased office space at 275 East 4<sup>th</sup> Street, for the operation and management of The Streets retail center parking structures. (District 1)

**DISCUSSION**

The City of Long Beach (City) is the owner and operator of the parking structures located at The Streets retail center (The Streets) in downtown Long Beach, formerly known as City Place. LAZ Parking, LLC (LAZ), is the City's parking operations and management services provider. On October 11, 2005, the City Council authorized the execution of Lease No. 29346 (Lease) with Long Beach Center, LLC (Landlord), for office space at 275 E. 4<sup>th</sup> Street to house the citywide parking operations office for a five-year term. On September 1, 2010, the Landlord and the City executed the First Amendment to the Lease to exercise the five-year option to extend the Lease through August 31, 2015. Since the term expired, the Lease has operated on a month-to-month basis. The location of the parking office near the parking structures is convenient and ideal for security and customer service purposes. Due to the potential of the Landlord's future development projects at The Streets, a long-term lease at this location is not possible. The City, Landlord, and parking operator are considering options for future office space beyond this two-year lease term.

To continue to provide a parking operations office at The Streets, staff recommend a Second Amendment to the Lease containing the following major terms and conditions:

- **Landlord:** Long Beach Center, LLC, a Delaware limited liability company.
- **Tenant:** City of Long Beach, a municipal corporation.
- **Premises:** Approximately 1,000 square feet of ground floor office space at 275 East 4<sup>th</sup> Street.
- **Use:** General office for parking operations.
- **Term:** The term of the Lease will be extended for two years from the date the Amendment is executed.
- **Option to Renew:** The Second Amendment will not provide an option to renew the Lease. Following the two-year term, the Lease will operate on a month-to-month basis until terminated by either party.

- Tenant Improvements: The City will construct minimal tenant improvements, including flooring and painting the interior walls. No tenant improvement allowance will be provided. Nine months' rent will be abated in lieu of any tenant improvement allowance.
- Rent: The monthly base rent will continue at the same rate of \$783. Rent for months two through ten will be abated.
- Utilities, Services, and Taxes: The City will continue to be responsible for its pro-rata share of the property operation costs including common area maintenance charges, real estate taxes, utilities, and other property-related expenses. These are estimated at \$162 per month. The common area maintenance charges for months two through ten will be abated.

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

This matter was reviewed by Deputy City Attorney Richard F. Anthony on August 13, 2020 and by Budget Management Officer Rhutu Amin Gharib on August 19, 2020.

#### TIMING CONSIDERATIONS

City Council action is requested on September 8, 2020, to execute the Second Amendment to the Lease to complete tenant improvements and prevent disruption of parking operations.

#### FISCAL IMPACT

The requested Amendment will extend the term of the Lease for an additional two years. The monthly cost, including base rent and common area maintenance expenses, will be approximately \$945, with rent abated for months two through ten. The total cost for the two-year extension term is estimated at \$14,177. Funding for the cost of the Lease is budgeted in the Civic Center Fund Group and General Fund Group in the Public Works 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,



JOHN KEISLER  
DIRECTOR OF ECONOMIC DEVELOPMENT



ERIC LOPEZ  
DIRECTOR OF PUBLIC WORKS

APPROVED:



THOMAS B. MODICA  
CITY MANAGER