



CITY OF LONG BEACH

DEPARTMENT OF COMMUNITY DEVELOPMENT

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802

R-9

February 9, 2010

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute a Second Amendment to Lease No. 30946 with Wilmington-Lomita Blvd., LLC, a Long Beach-based California limited liability company, for lease of approximately 5.61 acres of excess Terminal Island Freeway right-of-way, at a monthly rental rate of \$13,931. (District 7)

DISCUSSION

On September 23, 2008, City Council authorized the execution of Lease No. 30946 with Wilmington-Lomita Blvd., LLC (WLB), for approximately 2.79 net acres of excess Terminal Island Freeway right-of-way, for a term of 30 years, at an initial monthly rental rate of \$6,900.

Subsequently, on February 3, 2009, City Council authorized the First Amendment to Lease No. 30946, which increased the leased area from 2.79 net acres to 5.77 net acres, and the corresponding monthly rent from \$6,900 to \$14,260. A final survey of the leased premises has determined the total area is comprised of 5.61 net acres (Premises), which equates to an adjusted initial monthly rental rate of \$13,931.

Improvements to the Premises shall further the City's goal of removing blight in the area. In accordance with the California Environmental Quality Act, Categorical Exemption No. CE-78-10 has been issued for this project.

After considerable negotiation between the City and WLB, staff proposes a Second Amendment to Lease No. 30946 containing the following major terms and provisions.

- Landlord: City of Long Beach.
- Tenant: Wilmington-Lomita Blvd., LLC, a California limited liability company.

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- Length of Term: The term of the lease shall be for 30 years with two options to extend for periods of 10 years each.
- Premises: The Premises shall consist of approximately 5.61 acres of excess Terminal Island Freeway right-of-way.
- Rent: The initial monthly base rent for the Premises shall be \$13,931 and shall be adjusted annually based upon any increase in the Consumer Price Index.
- Improvements: Tenant shall be responsible for constructing all improvements on the Premises. All improvements and development costs shall be subject to the approval by Landlord in its sole and absolute discretion. In consideration of permanent improvements made to City-owned property, the Tenant shall be entitled to receive rent credits for the costs of said improvements.
- Heavy Equipment Sales: Tenant or its affiliated entities shall locate the point of sale for Bob Hill and Carde crane sales companies on the Premises, or otherwise within the city limits of Long Beach, for as long as Tenant or its affiliated entities operate such businesses.

All remaining terms and provisions of Lease No. 30946 shall remain in full force and effect.

This letter was reviewed by Deputy City Attorney Richard F. Anthony on January 20, 2010 and Budget and Performance Management Bureau Manager David Wodynski on January 20, 2010.

TIMING CONSIDERATIONS

City Council action on this matter is requested on February 9, 2010 in order to proceed with the site improvements immediately.

FISCAL IMPACT

Monthly rent in the amount of \$13,931 including annual adjustments shall accrue to the General Fund (GP) in the Department of Community Development (CD) subject to the agreed upon rent credits.

SUGGESTED ACTION:

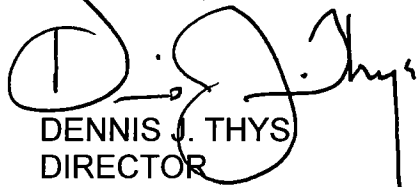
Approve recommendation.

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Respectfully submitted,

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DENNIS J. THYS
DIRECTOR

DEPARTMENT OF COMMUNITY DEVELOPMENT

DJT:VSG:mtb

2-9-10 Terminal Island Freeway v6.mb

APPROVED:

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PATRICK H. WEST
CITY MANAGER