



CITY OF LONG BEACH

DEPARTMENT OF COMMUNITY DEVELOPMENT

C-8

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802

November 17, 2009

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute any and all documents necessary for the Second Amendment to Lease No. 26453 between Charles L. Truitt and Donald K. Truitt, successors in interest of the Donald B. Truitt Family Trust, and the City of Long Beach for office space at 425 Atlantic Avenue, for the continued operation of the Department of Community Development, Neighborhood Services Bureau's Neighborhood Resource Center, for an additional five-year term, at an initial monthly base rent of approximately \$2,987. (District 1)

DISCUSSION

On August 24, 1999, the City Council authorized the execution of Lease No. 26453 (Lease) between the Donald B. Truitt Family Trust (Lessor) and the City of Long Beach (Lessee) for office space at 425 Atlantic Avenue (Premises), to house the Department of Community Development, Neighborhood Services Bureau's Neighborhood Resource Center, for a term of five years with an option to extend the Lease for an additional five-year period. On September 7, 2004, the City Council authorized the First Amendment to the Lease, which extended the term to November 30, 2009.

In anticipation of the Lease terminating on November 30, 2009, a survey of all other potentially suitable office space within the City of Long Beach was conducted. The survey yielded 32 properties; however, none of the alternative sites met all of the space requirements (e.g., adequate square footage, sufficient dedicated parking, etc.), and/or were cost prohibitive when calculating the relocation and tenant improvement costs.

The Neighborhood Resource Center (Center) is a well-established partner in the community that provides workshops, training, and resources to Long Beach residents throughout the City. The Center prefers to remain at the Premises because of its close proximity to public transportation and its central location providing convenient access to a variety of neighborhood associations. In addition, the Center has off-street parking for staff and visitors as well as full accessibility for persons with disabilities.

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To provide for the continued occupancy of the Premises by the Neighborhood Resource Center, a new Lease extension has been negotiated. The proposed Second Amendment to the Lease contains the following major terms and provisions:

- Lessor: Charles L. Truitt and Donald K. Truitt, successors in interest of the Donald B. Truitt Family Trust.
- Lessee: The City of Long Beach.
- Premises: The leased premises shall consist of approximately 2,715 square feet of office space at 425 Atlantic Avenue.
- Length of Term: The term shall be extended for an additional five-year period, commencing on December 1, 2009 and terminating on November 30, 2014.
- Rent: The monthly base rent for the entire leased premises (2,715 square feet) shall be as follows:

Months 1-30	\$2,986.50 per month (\$1.10 per square foot)
Months 31-60	\$3,165.69 per month (\$1.17 per square foot)

The effective base rent for the new 60-month term shall be \$1.13 per square foot per month, which is very competitive for office lease rates in the East Village area of Long Beach. In comparison, the current base rental payment under the Lease is \$3,142.95 per month (\$1.16 per square foot).

- Utilities, Services and Taxes: The Lessee shall continue to pay for its own electricity, gas, water, janitorial, and refuse services. In turn, the Lessor shall continue to pay all real estate taxes.
- Tenant Improvements: Lessor shall provide a tenant improvement allowance in the amount of \$15,265 (\$5.62 per square foot) to be used at anytime after December 1, 2010, during the extended term of the Lease. Said allowance shall be used for new carpet, paint, voice/data cabling and/or any other interior improvements.
- Option to Renew: Tenant shall have one option to renew the Lease for a period of five years at \$3,323.98 per month and shall increase by 5 percent every two years. If exercised, Lessor shall provide an additional remodeling allowance equal to \$4,735 to be used at anytime after December 1, 2015, during the renewal term.

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

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This letter was reviewed by Deputy City Attorney Linda Trang on October 26, 2009, and Budget and Performance Management Bureau Manager David Wodynski on November 2, 2009.

SUSTAINABILITY

The tenant improvements described above shall include the installation of "cradle to cradle" carpeting, which is made from recycled materials and is recyclable at the end of its useful life. Low-VOC paint shall be used for the interior walls.

TIMING CONSIDERATIONS

City Council action is requested on November 17, 2009 in order to formalize an agreement for the continued occupancy of the site.

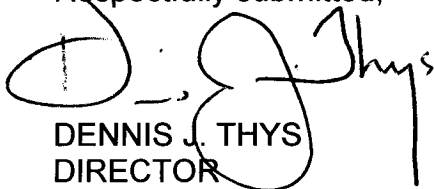
FISCAL IMPACT

The total Fiscal Year 2010 costs for the Second Amendment to the Lease are estimated to be \$47,599. Of this amount, the base rent payment is estimated to be \$35,838 and the utility and service costs are estimated to be \$11,761. Sufficient funds to cover rental payments and service costs are currently appropriated in the Community Development Block Grants Fund (SR 150) in the Department of Community Development (CD). There is no impact to the General Fund.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



DENNIS J. THYS
DIRECTOR

DEPARTMENT OF COMMUNITY DEVELOPMENT

DJT: MTB:mtb
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APPROVED:



PATRICK H. WEST
CITY MANAGER