

## **R-23**

August 18, 2020

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

### RECOMMENDATION:

Authorize the City Manager, or designee, to execute all documents necessary for the Third Amendment to Lease No. 29995 between Long Beach Center, LLC, a Delaware limited liability company (Landlord), and the City of Long Beach (Tenant), for a six-month extension for City-leased office space at 420 Pine Avenue, Suite No. P-100, for the offices of certain veterans' organizations; and,

Authorize the City Manager, or designee, to execute all documents necessary to amend Sublease No. 30276 with Arthur L. Peterson Post No. 27, Inc., The American Legion, Department of California, and Sublease No. 30277 with Long Beach Chapter No. 17, Disabled American Veterans, Inc. (collectively, Subtenants), for the sublease of City-leased office space at 420 Pine Avenue, Suite No. P-100. (District 1)

### DISCUSSION

By an agreement dated January 16, 1936 (Agreement), the City of Long Beach (City) and the County of Los Angeles (County) joined together to construct the Veterans' Memorial Building (Original Building) at the northwest corner of Broadway and Pacific Avenue for the exclusive use and benefit of the Subtenants. The City contributed the land and the County contributed the funding for construction of the Original Building. The Agreement required that the City be given exclusive jurisdiction over the management, operation, control, maintenance, upkeep, and repair of the Original Building. In 1952, the State Attorney General opined that the Agreement created an easement benefiting the Subtenants, thereby obligating the City to maintain a facility for the Subtenants until they formally abandon said easement.

On October 28, 1975, the City Council approved an Agreement for Exchange of Real Property with the State of California (Exchange), whereby the State conveyed a parcel of land at 332 West Broadway to the City for the construction of the four-story Broadway Parking Garage. In Exchange, the City conveyed the land and the Original Building at 245 West Broadway to the State for the construction of the Veterans' Memorial State Office Building (State Office Building). Due to the City's obligation under the Exchange to demolish the Original Building, the easement required the City to continue providing alternative office space for the Subtenants.

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The Subtenants were relocated to the State Office Building and remained housed there until 1998, when the State announced its plans to dispose of the property and required all tenants to vacate the building. Pursuant to that decision, the City Council approved a lease for office space at 575-585 Pine Avenue and the Subtenants remained at this location until 2007.

On October 24, 2006, the City Council authorized the execution of Lease No. 29995 with Landlord for office space at 540 Pine Avenue, Suite J-115 (Existing Premises) to house the Subtenants for a five-year term. Concurrently, the City Council authorized the execution of subleases between the City (Sublandlord) and the Subtenants for the entire space for the term of the Lease.

On August 7, 2012, as a result of Landlord's option to relocate the Subtenants to accommodate a larger tenant transaction at the CityPlace shopping center, the City Council authorized the First Amendment to Lease No. 29995 for the relocation of the Subtenants to a space at 295 East Third Street, Suite No. A-100.

On April 19, 2016, as a result of Landlord's option to relocate the Subtenants due to rebranding and planned improvements, the City Council authorized the execution of the Second Amendment to Lease No. 29995 for the relocation of the Subtenants to a space at 420 Pine Avenue, Suite No. P-100.

In an effort to secure a longer-term location for the Subtenants and to reduce future City expenditures, space within the Billie Jean King Main Library was allocated for the Subtenants. The City intended for the Subtenants to relocate to the new space prior to the expiration of Lease No. 29995 on June 30, 2020. However, due to the COVID-19-related closure, the move process has been delayed. Due to this delay, the Landlord and City began negotiations to extend the Lease in order to provide sufficient time for the Subtenants to relocate.

To continue to meet the City's obligation to provide a facility for the Subtenants, staff recommend a Third Amendment to Lease No. 29995 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 1,908 square feet of ground floor office space at 420 Pine Avenue, Suite No. P-100.
- Use: General offices for the Subtenants.
- Term: The term of the Lease will be extended through December 31, 2020.
- Option to Renew: One, three-month option to extend the Lease.
- Rent: The monthly base rent will be \$4,378.56.
- 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.

The Sublease with each of the Subtenants will be amended to contain the following major terms and conditions:

- Sublandlord: City of Long Beach, a municipal corporation.
- Subtenants: Arthur L. Peterson Post No. 27, Inc., The American Legion, Department of California, and Long Beach Chapter No. 17, Disabled American Veterans, Inc.
- Premises: The subleased premises will include approximately 1,908 square feet of ground floor office space for the veterans' organizations at 420 Pine Avenue, Suite No. P-100.
- Use: General offices of the Subtenants.
- Term: Each Sublease will be extended through December 31, 2020.
- Option to Renew: If the City exercises its three-month option to extend the term of Lease No. 29995, then the Subleases will also be extended to correspond with the term of the Master Lease.
- Rent, Utilities, Services, and Taxes: As discussed above, it is the City's obligation to provide office space for the Subtenants.

All remaining terms and provisions of Lease No. 29995 and Subleases No. 30276 and 30277 will remain in full force and effect.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on July 27, 2020. Due to time constraints, no Budget Office review was able to be conducted.

#### TIMING CONSIDERATIONS

City Council consideration of this Agreement is requested on August 18, 2020, to finalize and execute the Third Amendment to Lease No. 29995 and Subleases, to provide sufficient time for the veterans' organizations to prepare to relocate to the Billie Jean King Main Library.

#### FISCAL IMPACT

The requested Amendment will extend the term of the Lease for an additional six months. The monthly cost including base rent and common area operating expenses will be approximately \$6,189. The total rent for the six-month extension term will be \$37,134; \$18,567 in Fiscal Year 2020 and \$18,567 in Fiscal Year 2021. Funding to cover these expenses is budgeted in the Civic Center Fund Group in the Economic Development 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

APPROVED:



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THOMAS B. MODICA  
CITY MANAGER