



CITY OF LONG BEACH

R-32

DEPARTMENT OF COMMUNITY DEVELOPMENT

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802

September 20, 2005

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute all documents necessary for a lease by and between Danari Broadway, LLC, a California limited liability company, and the City of Long Beach for office space at 100 Broadway, Suite 400, for the relocation of the Code Enforcement Division. (District 2)

DISCUSSION

The Code Enforcement Division (CED) of the City of Long Beach is committed to maintaining and improving the quality of life in the City's neighborhoods, commercial corridors and industrial areas. CED is responsible for the enforcement of the Long Beach Municipal Code as it relates to substandard buildings, property maintenance, inoperative vehicles, weed abatement and land use violations. In addition, CED proactively conducts inspections on major corridors, in selected community code enforcement areas, and in all residential buildings containing four or more units.

CED is currently located at 100 Long Beach Boulevard in the former Southern California Edison building, also known as City Hall East. Plans for the closure of this facility, as envisioned in the Financial Strategic Plan and the Fiscal Year 2006 (FY 06) Proposed Budget, have necessitated the relocation of CED to an alternative site. A survey of current City-owned and City-leased facilities found no available office space to accommodate the forty-four staff members of CED. Consequently, a search for potential new office space was conducted and an available site was identified at 100 Broadway, Suite 400 (see Exhibit "A"). Located across from City Hall on the south side of Broadway between Pacific Avenue and Pine Avenue, the proposed site is optimal for the deployment of resources from the newly consolidated CED as well as coordination with the Department of Planning and Building and the Office of the City Prosecutor.

This site was selected, based on the following operational considerations:

- Customers who meet with inspectors to discuss their property violation cases can go directly across the street to City Hall to secure necessary building permits.

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- Parking demands for the Code Enforcement Division's inspection vehicles and personal vehicles is double the normal office occupancy needs so there were limited options. Leasing this site will allow inspection vehicles to be parked at a Redevelopment Agency lot one block away.
- The majority of code enforcement cases are in the Downtown, Central and Lower West areas of the City. Code Enforcement staff must attend training and conduct business in City Hall on a regular basis. This site makes economic sense as gas prices continue to rise.

To accommodate CED, a proposed lease has been negotiated containing the following major provisions:

- Premises: 100 Broadway, Suite 400, consisting of approximately 12,669 rentable square feet (RSF) of office space.
- Length of Term: Sixty-one month term (5 years, 1 month).
- Target Commencement Date: December 1, 2005.
- Rent: Rent for the first month shall be free. The monthly base rent for the term of the lease shall be:

Months 2-12	\$19,636.95 (\$1.55 per RSF per month);
Months 13-24	\$20,270.40 (\$1.60 per RSF per month);
Months 25-36	\$20,903.85 (\$1.65 per RSF per month);
Months 37-48	\$21,537.30 (\$1.70 per RSF per month);
Months 49-61	\$22,170.50 (\$1.75 per RSF per month).

The average monthly rental rate over the term of the lease is \$1.63 per RSF. This is below the current monthly average of \$1.78 per RSF for buildings of similar characteristics.

- Option to Terminate: City shall have the right to terminate the lease at the end of the thirty-sixth (36th) month by providing 9 months written notice and paying the unamortized cost of the tenant improvement allowance, brokerage fees and cost of the free month's rent.
- Tenant Improvement Allowance: Landlord shall provide City with an allowance of \$253,380 (\$20 per RSF) to be used for architectural fees, design and engineering, permits and construction costs associated with the build-out of the leased premises. Total estimated cost of the build-out is \$316,725. City shall be responsible for any amount above the provided allowance, or approximately \$63,345.

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- Parking: Landlord shall provide thirty-eight unreserved parking spaces for the term of the Lease at prevailing market rates. The current rate is \$65 per space per month. Six additional staff parking spaces will be provided on a month-to-month basis through RDA downtown parking at \$25 per month per space. Total monthly parking expenses will be \$2,620.
- Option to Renew: City shall have 1 five-year option to renew the lease at the predetermined monthly rental rate of \$1.90 per RSF with \$0.05 annual increases thereafter. In addition, Landlord shall provide a tenant improvement allowance of \$5 per RSF for new carpet and paint.

This letter was reviewed by Deputy City Attorney Richard F. Anthony on August 30, 2005 and Budget Management Officer David Wodynski on September 9, 2005.

TIMING CONSIDERATIONS

City Council action is requested on September 20, 2005, in order to meet the December 1, 2005 target commencement date.

FISCAL IMPACT

Assuming the lease commences on December 1, 2005, rental payments will be \$176,742 and parking payments will be \$28,820 in FY 06. One-time tenant improvement expenses of \$63,345, moving expenses of \$25,000 and phone/data/equipment expenses of \$45,000 will also be incurred in FY 06.

Total FY 06 expenses of \$338,907 for this activity have been sufficiently budgeted in the General Fund (GP) in the Department of Community Development (CD).

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



PATRICK H. WEST
DIRECTOR OF COMMUNITY DEVELOPMENT

PHW:JMLR:lel
Attachment: Exhibit "A"
9.20.05 CC Ltr 100 Broadway Ste 400.doc

APPROVED:



GERALD R. MILLER
CITY MANAGER