

CITY OF LONG BEACH

DEPARTMENT OF ECONOMIC AND PROPERTY DEVELOPMENT

333 West Ocean Boulevard 3rd Floor • Long Beach, CA 90802 • (562) 570-6099 • Fax (562) 570-6380

November 3, 2015

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute all documents necessary for a Ground Lease between the City of Long Beach and 100 LBB Real Estate, LLC, a California limited liability company (100 LBB), for approximately 475 square feet of public right-of-way (Leased Premises), on the north side of East 1st Street between Long Beach Boulevard and Elm Avenue. (District 2)

DISCUSSION

On April 23, 2013, the City Council authorized the sale of City-owned property at 100 Long Beach Boulevard, more commonly known as City Hall East, to 100 LBB for the adaptive reuse and development of a mixed-use residential and retail facility, now known as the Edison. The Edison will serve as a new western gateway to the East Village Arts District and will feature 156 urban loft apartments, rooftop amenities, a ground floor restaurant and smaller retail/commercial spaces. The first residents are scheduled to move in on December 1, 2015.

The Edison is situated at the northeast corner of Long Beach Boulevard and East 1st Street. The East 1st Street corridor, between Long Beach Boulevard and Elm Avenue, serves as a passage way for the migration of pedestrians between the East Village and the Downtown. This corridor is inactive and unattractive as the south side of the street serves as the rear facilities and parking garage entrance to the Shoreline Square office tower and the Westin Long Beach hotel. The north side of the street consists of the Edison and a Southern California Edison (SCE) office/parking facility at the southwest corner of East 1st Street and Elm Avenue (see Attachment). The SCE facility currently has vacant retail commercial space on the ground level.

Spurred by the City's success of activating pedestrian corridors with the use of sidewalk dining and parklets, Vice Mayor Lowenthal suggested that City staff engage 100 LBB in discussions to create sidewalk dining along East 1st Street. By converting an area of the Edison parking structure adjacent to East 1st Street into a small dining facility, sidewalk dining could be incorporated to activate this corridor and provide for a commercial destination as East Village residents and patrons travel between the Downtown and the East Village. Due to the alignment of the floors of this historic structure, the floor of the proposed dining facility is situated approximately five feet above the adjoining sidewalk.

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Sidewalk dining and parklet areas are designed to be temporary in nature with easily removable furniture and fixtures and, thus, work best where the main floor of an establishment is level with the adjacent sidewalk. Because of the historic nature of the Edison, the proposed sidewalk dining area would require significant improvements in order to create a platform with stairs and a lift for ADA access to allow customers to enter and exit the dining facility. As a result, 100 LBB requires a longer, secure time period in order to amortize the costs of its investment in the sidewalk dining platform and attract a long-term tenant.

In order to activate the corridor and support 100 LBB's willingness to establish a small dining facility with sidewalk dining, City staff proposes a Ground Lease containing the following major terms and provisions:

- Landlord: City of Long Beach, a municipal corporation.
- Tenant: 100 LBB Real Estate, LLC, a California limited liability corporation.
- Leased Premises: Approximately 475 square feet of public right-of-way (sidewalk) located on the north side of East 1st Street between Long Beach Boulevard and Elm Avenue.
- Use: Tenant shall utilize the Leased Premises for the construction of a raised footing and other necessary improvements for the creation of an outdoor sidewalk dining area adjacent to the building, more commonly known as the Edison.
- Term: The initial term of the Lease shall be for a period of ten years. Tenant shall have two five-year options to further extend the term of the Lease. The term of the Lease shall commence on the date that the Tenant is able to secure the necessary approvals/permits to commence construction of the improvements. Said date shall be memorialized in an exhibit to the Lease.
- Termination Option: The City shall have the right to terminate the Lease by providing six-month's prior written notification before the end of the initial term or any extended term if the Leased Premises is needed for a public right-of-way improvement or expansion project.
- Rent: The annual rent for the Leased Premises shall be \$1,100 in each of the first three years of the term of the Lease and shall increase annually up to an annual maximum of \$2,500 in each of the last four years of the initial term. If exercised, the annual rent shall increase to \$2,750 during the first extension term and \$3,000 during the second extension term.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on October 7, 2015 and by Budget Management Officer Victoria Bell on October 8, 2015.

TIMING CONSIDERATIONS

City Council action on this matter is requested on November 3, 2015, in order to execute the Ground Lease in a timely manner. Confirmation of an executed agreement for the Leased Premises will support 100 LBB's efforts in securing a subtenant for the dining facility.

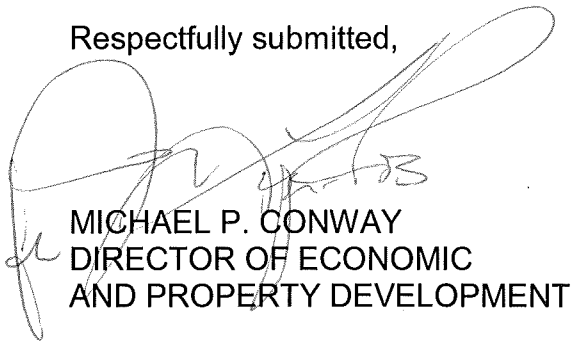
FISCAL IMPACT

Annual revenue of \$1,100 during the first three years of the Lease shall accrue to the General Fund (GF) in the Department of Economic and Property Development (EP). Approval of this recommendation will provide continued support to the local economy.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



MICHAEL P. CONWAY
DIRECTOR OF ECONOMIC
AND PROPERTY DEVELOPMENT

MPC:AM:JMLR
Attachment



ARA MALOYAN, PE
DIRECTOR OF PUBLIC WORKS

APPROVED:



PATRICK H. WEST
CITY MANAGER

ATTACHMENT

