



CITY OF LONG BEACH

C-7

DEPARTMENT OF ECONOMIC AND PROPERTY DEVELOPMENT

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May 17, 2016

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute all documents necessary for the Second Amendment to Right of Entry Permit No. 33832 with L.A. Prep, Inc., a California corporation (Permittee), for the continued use of City of Long Beach administered property at 3111 East Willow Street for large truck storage. (District 5)

DISCUSSION

On September 17, 2013, the City Council authorized the City Manager to execute all documents necessary for real property occupancy agreements with public or private parties for terms not to exceed six-months with one six-month extension. This authority allows the City to execute agreements in an expeditious manner when occupancy is needed quickly. This also increases the opportunities to generate revenue from the short-term use of surplus/vacant City property.

On April 1, 2015, the City executed Right of Entry Permit No. 33832 with Permittee for a six-month term, for use of approximately 11,250 square feet of excess space within the City of Long Beach Towing Yard at 3111 E. Willow Street (Premises) for large truck storage. The Premises are part of a larger 20.54 acre parcel owned by the Long Beach Water Department, which is managed and operated by the City under the terms of a Memorandum of Understanding (MOU) dated May 15, 1998. The subleasing of excess space at the property by the City is authorized under the terms of the MOU.

On October 1, 2015, a First Amendment to Permit No. 33832 was executed to extend the term of the agreement for an additional six months, which expired on March 31, 2016. The Permittee remains on the property under the terms of the agreement on a month-to-month holdover. The Department of Financial Management, which operates the City Towing Yard, is amenable to the continued use of the Premises by the Permittee. City Council approval is necessary to modify Right of Entry Permit No. 33832.

The proposed Second Amendment to Permit No. 33832 shall contain the following major terms and provisions:

- Permitter: City of Long Beach, a municipal corporation.
- Permittee: L.A. Prep, Inc., a California corporation.
- Term: Permit shall be extended for an additional three-year period and shall terminate on March 31, 2019.
- Premises: The Premises consist of approximately 11,250 square feet of land located within the City's Towing Yard at 3111 East Willow Street.
- Use: The Premises shall be used for the storage of up to ten (10) trucks at any given time.
- Right to Terminate: City and Permittee shall have the right to terminate the Permit at any time after the first year by providing the other party a minimum of ninety (90) days prior written notification.
- Rent: The monthly base rent for the Premises shall increase from \$2,925 (\$0.26 PSF) per month to \$3,042 (\$0.27 PSF) per month and shall include 4 percent (4%) annual increases. This rate is within the market range for truck storage facilities throughout the City.

All other remaining terms and provisions of Right of Entry Permit No. 33832 shall remain in full force and effect.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on May 2, 2016 and by Budget Management Officer Victoria Bell on April 27, 2016.

TIMING CONSIDERATIONS

City Council action on this matter is requested on May 17, 2016, in order to execute the Second Amendment in a timely manner.

FISCAL IMPACT

Monthly lease revenue in the amount of \$3,042 shall accrue to the Towing Fund (EF 340) in the Financial Management Department (FM). There is no local job impact associated with this recommendation.

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SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



MICHAEL P. CONWAY
DIRECTOR OF ECONOMIC
AND PROPERTY DEVELOPMENT



JOHN GROSS
DIRECTOR OF
FINANCIAL MANAGEMENT

MPC:JG:MTB

APPROVED:



PATRICK H. WEST
CITY MANAGER