



CITY OF LONG BEACH

R-17

DEPARTMENT OF PUBLIC WORKS

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May 1, 2012

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute an Agreement and related documents, with 6th & Pine Development, LLC, a California Limited Liability Company, for use of up to 500 parking spaces within lots or structures located within the City of Long Beach for a term of twelve years. (Citywide)

DISCUSSION

6th & Pine Development, LLC, (Licensee) is the owner of the former Press-Telegram building (Site) at 6th Street and Pine Avenue in downtown Long Beach. Licensee has met with City staff and advised that they are considering a lease of the Site to a health care provider, which lease has the potential to generate up to 900 local jobs. Licensee does not have sufficient space on Site to provide code-required parking and anticipates a shortfall of up to 500 parking spaces. Licensee has approached City staff for assistance in addressing the parking shortfall. City staff believes that the proposed lease would have a significant positive impact to the downtown area and improve the economic health of the City.

City staff have identified a number of locations in the City that, either singularly or in aggregate, can accommodate the parking shortfall. Multiple locations have been tentatively identified, providing the City with maximum flexibility to assign parking in a manner that minimizes neighborhood impacts and allows prudent development of vacant land. These initial locations are identified as follows:

- 3621 Kilroy Airport Way
- 3660 Kilroy Airport Way
- The Broadway Block bounded by Long Beach Boulevard to Elm Avenue and Broadway to 3rd Street
- The Pike employee lot
- 140 East 7th Street

City staff has negotiated the following basic terms and conditions of an Agreement:

- Licensor: The City of Long Beach
- Licensee: 6th & Pine Development, LLC

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- Premises: One or more surface lots or parking structures within the City of Long Beach, which total in aggregate a minimum of 500 parking spaces. The Premises will be available Monday through Friday from 7:00 AM to 6:00 PM for parking purposes. Licensee shall use all reasonable efforts to ensure that employees employed at the Site park in the Premises.
- Use: Parking of vehicles by employees only.
- Term: Initial term of twelve years, beginning January 2013 and terminating December 2024.
- Options: Upon mutual agreement for each option term, the Agreement shall be extended for two successive periods of 5 years each. Each option term shall be exercised no earlier than 180 days, nor later than 60 days prior to expiration of the then-existing term.
- Reserved rights: Licensor reserves the right, upon 60 days written notice, to identify replacement Premises that, singularly or in aggregate, provide a minimum of 500 parking spaces, which parking spaces shall be available Monday through Friday from 7:00 AM to 6:00 PM. Licensee shall, at the end of the 60 day period, begin use of the identified replacement Premises for employee parking.
- Rental Rate: Licensee shall pay to Licensor, in advance, on an annual basis, \$600 per parking space included in the Premises. This rate will adjust annually by the Consumer Price Index.
- Parking Permits: Licensor shall issue to Licensee annual parking permits equal to the number of parking spaces included in the Premises. Such permits shall allow for parking in any of the lots or structures included in the Premises.
- Repair: Licensee, at Licensee's cost, shall repair the Premises in the event the Premises are damaged by Licensee's use of the Premises.
- Utilities: Licensee, at Licensee's cost, shall pay for all utilities related to Licensee's use of the Premises.

Staff believes that there is a high likelihood that the parking shortfall will be addressed through alternative private efforts and that the proposed Agreement will be terminated prior to the end of the initial term. However, for Licensee to secure a long-term lease, the initial term and subsequent options are required.

This letter was reviewed by Deputy City Attorney Richard F. Anthony and Budget Management Officer Victoria Bell on April 23, 2012.

TIMING CONSIDERATIONS

City Council action is requested on May 1, 2012, in order to prepare an Agreement at the earliest possible date to secure the long-term lease.

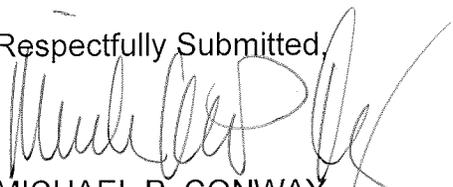
FISCAL IMPACT

Annual parking revenues from all locations are estimated to be up to \$300,000 and will be deposited into the appropriate fund(s) once the site(s) has been identified. Execution of this Agreement is anticipated to generate up to 900 local jobs.

SUGGESTED ACTION:

Approve recommendation.

Respectfully Submitted,



MICHAEL P. CONWAY
DIRECTOR OF PUBLIC WORKS

MPC:bs
P:CL/May16th&Pine V6

APPROVED:



PATRICK H. WEST
CITY MANAGER