



CITY OF LONG BEACH

C-7

DEPARTMENT OF COMMUNITY DEVELOPMENT

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802

March 13, 2007

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute the Second Amendment to Lease No. 24851 between Bojaro, LLC, a California limited liability company and Gregory R. Gill and Tomilee Tilley Gill, trustees of the Gill Family Trust (collectively, Lessor) and the City of Long Beach (Lessee) for office space at 236 E. Third St., Suites 205 and 230, for the Video Communications Division of the Department of Technology Services for a five-year extended term at the initial monthly base rent of \$6,311. (District 2)

DISCUSSION

On October 22, 1996, the City Council authorized the execution of Lease No. 24851 for a five-year term at 236 E. Third St., Suites 205 and 230 for approximately 4,352 square feet of office space to house the Video Communications Division of the Department of Technology Services. Video Communications manages cable television programming for the City of Long Beach by producing programs for the City government channel. Additionally, Video Communications relays City information via cable television to Long Beach residents, regulates the local cable communications franchise, assists with cable-related consumer complaints and provides other programming services as requested. On October 16, 2001, the City Council authorized the First Amendment for an extension of the Lease term for an additional five years. Lease No. 24851 terminated February 28, 2007, and the City remains on the leased premises on a holdover status as allowed under the Lease.

In anticipation of the termination of the Lease, a citywide search and review of all other potentially suitable office properties was conducted. Video Communications is currently located in a two-story building on Third Street adjacent to the Promenade and across from CityPlace. The configuration of the leased premises and the open ceilings provide an ideal layout for television studio production given the ample room for equipment and lighting. The facility's location is within walking distance of City Hall and allows for convenient access by City-elected officials and staff responsible for hosting various programs produced by Video Communications. Additionally, the leased premises are connected to Charter Communication's distribution center via fiber optic cable. This connection provides for stability and a quality signal for the distribution of the City's Channel 8 programming throughout the community.

The search yielded ten possible alternative sites for relocation within the Downtown. Unfortunately, the alternative sites lacked sufficient contiguous space for television studio production, convenient accessibility or competitive rental rates. As a result, staff pursued negotiations with the existing Landlord for a Lease extension.

A proposed Second Amendment to Lease No. 24851 has been negotiated containing the following major terms and provisions:

- Lessor: Bojaro, LLC, a California limited liability company, as successor(s) in interest to Robert I. Rosenberg, and Gregory R. Gill and Tomilee Tilley Gill, trustees of the Gill Family Trust, as successor(s) in interest to Gregory R. Gill.
- Lessee: City of Long Beach.
- Premises: 236 E. Third Street, Suites 205 and 230, consisting of approximately 4,352 rentable square feet (RSF) of office space.
- Length of Term: The term of the Lease shall be extended for an additional five years commencing March 1, 2007 and terminating on February 28, 2012.
- Rent: Effective March 1, 2007, the current monthly base rent of \$1.35 per RSF shall increase to \$1.45 per RSF or approximately \$6,311. The monthly base rent shall continue to increase annually by three percent. This rate is competitive with similar types of facilities in the Downtown.
- Tenant Improvement Allowance: Landlord shall provide a \$5 per RSF or \$21,760 tenant improvement allowance to be used toward the cost of general construction and repainting/resurfacing of interior walls and floors. Of this amount, \$3 per RSF or \$13,056 shall be available commencing Month 13 of the extended term and \$2 per RSF or \$8,704 shall be available commencing Month 37 of the extended term.
- Operating Expenses: City shall pay its pro rata share of any increase in building operating and property tax expenses predicated upon a 2007 base year.
- Right to Cancel: City shall be granted the right to terminate the leased Premises effective March 1, 2008, by providing Landlord with 90-days prior written notice. If exercised, Tenant shall deliver to Landlord a termination fee comprised of the unamortized costs of the leasing commissions.

City shall also be granted the right to terminate the leased Premises effective March 1, 2010, by providing Landlord with 180-days prior written notice. If exercised, Tenant shall deliver to Landlord a termination fee comprised of the unamortized costs of the Tenant Improvement Allowance used plus the unamortized cost of the leasing commissions.

- Option to Renew: City shall have one 5-year option to renew the Lease. If exercised, a new fair market rental rate shall be negotiated.

All other remaining terms and provisions of Lease No. 24851 shall remain in full force and effect.

This letter was reviewed by Deputy City Attorney Gary J. Anderson on February 7, 2007 and Budget and Performance Management Bureau Manager David Wodynski on February 7, 2007.

TIMING CONSIDERATIONS

City Council action is requested on March 13, 2007 in order to execute the Second Amendment and formalize the City's continued occupancy of the leased premises.

FISCAL IMPACT

Annual rental payments for Fiscal Year 2007 (FY 07) shall be approximately \$73,553, comprised of \$29,376 under the current Lease terms and \$44,177 under the Second Amendment terms.

Sufficient funds to cover rental payments for FY 07 are currently appropriated in the General Services Fund (IS 385) in the Department of Technology Services (TS) to support this activity. There is no impact to the General Fund.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



PATRICK H. WEST
DIRECTOR OF
COMMUNITY DEVELOPMENT

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CURTIS T. TANI
DIRECTOR OF
TECHNOLOGY SERVICES

APPROVED:



GERALD R. MILLER
CITY MANAGER