



# CITY OF LONG BEACH

DEPARTMENT OF COMMUNITY DEVELOPMENT

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802

December 7, 2004

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

**SUBJECT:** First Amendment to Lease No. 26704 With Western Gardena Property, LLC, for the Office Premises at 333 West Broadway, Suite 308, to House the Long Beach Police Department's Community Relations and Internal Affairs Divisions (District 1)

## DISCUSSION

On December 9, 1999, the City Council approved a five-year lease (City Contract No. 26704) with Kan International, Inc., for office space in the Seaspray Gardens Building at 333 West Broadway, Suite 308, to house the Information Technology Division of the Long Beach Police Department (Exhibit "A"). In 2001, the Information Technology Division relocated to City Hall East and the space was occupied by the Police Department's Community Relations and Internal Affairs Divisions (collectively, the "Tenant"). The Divisions utilize the premises for the production of public service announcements and press conferences, as well as to conduct interviews related to Internal Affairs investigations.

Lease No. 26704 (the "Lease") is set to expire on March 25, 2005. To accommodate the Police Department, a First Amendment has been negotiated for the 3,318 rentable square feet that the Community Relations and Internal Affairs Divisions occupy in the Seaspray Gardens Building. These Divisions prefer to remain at their current location because of the close proximity to the Public Safety Building and the Civic Center.

In 2004, the office premises were sold to Western Gardena Property, LLC (the "Landlord"), which became the successor in interest to Kan International, Inc. under the Lease. The proposed First Amendment to the Lease contains the following provisions:

- Length of Term: Five years, commencing on March 26, 2005 and terminating on March 25, 2010.
- Rent: The monthly base rent shall be as follows:

<u>Months</u>	<u>Full Service Gross Rate</u>	
01-30	\$1.55 per rentable square foot per month	\$5,142.90/month
31-60	\$1.60 per rentable square foot per month	\$5,308.80/month

The monthly base rent shall be abated for months 1 and 2 of the initial extended term. As such, there will be a cost savings of approximately \$10,285.80 in base rent payments (\$5,142.90 X 2 months) for calendar/fiscal year 2005.

Taking into consideration the two months' free rent, the effective base rent for the new 60-month term shall be \$1.52 per rentable square foot per month. This rate is considered to be very competitive for Downtown Long Beach office space.

- Tenant Improvements: The Landlord shall provide a remodeling allowance to Tenant in the amount of \$9,954 (\$3.00 per rentable square foot) for tenant improvements with a rent credit for any unused portion thereof, to be used in months 59 and 60 of the initial extended term. In the event the tenant improvements exceed the original allowance, the Landlord shall provide an additional amount not to exceed \$6,000, which shall be amortized over the initial extended term of 60 months at 6 percent interest per year.
- Length/Number of Renewal Options: The Tenant shall have two options to renew. The first option period is for 42 months and the second option period is for 60 months. The first option was negotiated for a period of 42 months to mirror the termination date for Suites 100 and 302 (Lease No. 25822), which are also occupied by the Community Relations and Internal Affairs Divisions.

For the first renewal option period, the Landlord shall provide a remodeling allowance to Tenant in the amount of \$3.50 per rentable square foot, or \$11,613. For the second option period, Landlord shall provide a remodeling allowance to Tenant in the amount of \$4.00 per rentable square foot, or \$13,272. Any unused amount of the remodeling allowances will be credited toward the base rent during the final two months of each option period.

With the exception of the above changes, all other terms, covenants and conditions in the Lease shall remain in effect.

This letter was reviewed by Deputy City Attorney Richard F. Anthony on November 16, 2004, and Budget Management Officer David Wodynski on November 17, 2004.

#### TIMING CONSIDERATIONS

City Council action is requested on December 7, 2004, to provide sufficient time to execute the First Amendment to Lease No. 26704 before the current Lease terminates on March 25, 2005.

FISCAL IMPACT

In Fiscal Year 2005, there will be a cost savings of approximately \$10,286 in base rent payments due to the free rent in months 1 and 2 of the new term. The annual lease payments to be paid by the Police Department shall be as follows:


- Fiscal Year 2005: \$21,429
- Fiscal Year 2006: \$61,577
- Fiscal Year 2007: \$61,604
- Fiscal Year 2008: \$63,563
- Fiscal Year 2009: \$63,563
- Fiscal Year 2010: \$30,825

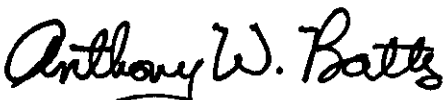
Sufficient funds will be budgeted in the General Fund (GP) of the Police Department (PD) to support this activity.

IT IS RECOMMENDED THAT THE CITY COUNCIL:

Authorize the City Manager to execute the First Amendment to Lease No. 26704 with Western Gardena Property, LLC, and any subsequent amendments, except those pertaining to rent, for office space at 333 West Broadway, Suite 308, to house the Long Beach Police Department's Community Relations and Internal Affairs Divisions, at the effective monthly rate of \$1.52 per rentable square foot and extend the term for a period of five years.

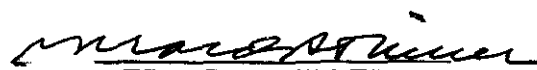
Respectfully submitted,

  
MELANIE S. FALLON  
DIRECTOR OF  
COMMUNITY DEVELOPMENT

  
ANTHONY W BATTS  
CHIEF OF POLICE

MSF:AWB:MDL:MFT:lel  
Attachment: Exhibit "A" - City Council Letter dated December 7, 1999  
12.7.04 PD 333 W Broadway Ste 208

APPROVED:

  
GERALD R. MILLER  
CITY MANAGER