



Legislation Text

File #: 17-0676, **Version:** 1

Recommendation to authorize City Manager, or designee, to execute the Fourth 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 and the City of Long Beach for office space at 236 East 3rd St., Suites 205 and 230, for the Video Communications Division of the Technology and Innovation Department. (District 2)

This item was previously approved by the City Council on May 2, 2017. However, the square footage calculated for the proposed amended Lease did not adhere to current standards of the Building Owners and Management Association (BOMA). BOMA Standard Method of Floor Measurement for Office Buildings is the accepted and approved methodology by the American National Standards Institute. Based on these standards, the square footage (SF) should have included an additional 150 SF. This revised staff report proposes to add this additional SF to the leased premises, and clarifies the rental rate provisions on a SF basis. The revised square footage will increase from 4,352 SF to 4,502 SF on March 1, 2018, if City does not exercise its Right to Cancel.

As background, on October 22, 1996, the City Council authorized the execution of Lease No. 24851 at 236 E. 3rd St., Suites 205 and 230, for approximately 4,352 square feet of office space to house the Video Communications Division (VCD) of the Technology and Innovation Department. VCD operates and manages the City's cable channel, LBTv, which produces nearly 300 hours of locally originated programming annually. Additionally, VCD relays City information, via cable television, internet and social media, to Long Beach residents. In addition, VCD assists with cable-related consumer complaints, and provides other programming services, including departmental training videos as requested. On October 16, 2001, March 13, 2007 and April 3, 2012, the City Council authorized the First, Second and Third Amendments, respectively, to further extend the Lease term for an additional five years each. Lease No. 24851 terminated on February 28, 2017, and the City remains in possession of the premises on a holdover status, as allowed under the Lease.

The VCD is currently located in a two-story building on 3rd Street, adjacent to The Promenade and across from City Place and Studio 111. The configuration of the leased space and its open ceilings provide a preferred layout for television studio production, given the need to use extensive equipment and lighting. The facility's location is within walking distance of City Hall and allows for convenient access for City-elected officials and staff responsible for hosting various programs produced at LBTv. Additionally, the leased premises are connected to Charter Spectrum's and Frontier FIO's distribution center via fiber optic cable. This connection provides for stability and a quality signal for the distribution of LBTv throughout the community.

This lease extension will allow VCD to remain in its current location without service interruption. A proposed Fourth Amendment to Lease No. 24851 has been negotiated containing the following major terms and provisions:

- Landlord: Bojaro, LLC, a California limited liability company, and Gregory R. Gill and Tomilee Tilley Gill, trustees of the Gill Family Trust.
- Tenant: City of Long Beach, a municipal corporation.
- Leased Premises: Approximately 4,352 SF at 236 E. 3rd St., Suites 205 and 230, which will increase by 150 SF to 4,502 SF commencing March 1, 2018.
- Term: The Lease shall be extended for an additional 60 months commencing March 1, 2017 and terminating on February 28, 2022.
- Rent: Effective March 1, 2017, the current monthly base rent shall be \$1.75 per RSF, or approximately \$7,616. Thereafter, the monthly base rent shall increase annually by 3 percent, or approximately five cents (\$0.05) per RSF. Effective March 1, 2018, the monthly base rent shall be \$1.80 per RSF, or approximately \$8,115.
- Rent Abatement: Tenant shall receive free rent for months 13, 25, and 37 of the extended term.
- Right to Cancel: Tenant shall have the right to cancel the Lease at any time within first 12 months of this Fourth Amendment by providing Landlord with 90-days prior written notification.
- Option to Renew: Tenant shall have one five-year option to further renew the Lease. If exercised, a new fair market rental rate shall be negotiated subject to further City Council approval.

All other remaining terms and provisions of the Lease shall remain in full force and effect.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on July 24, 2017 and by Budget Analysis Officer Julissa José-Murray on July 26, 2017.

City Council action is requested on August 15, 2017, to execute the Fourth Amendment and formalize the City's continued occupancy of the leased premises.

The base rent for the Lease beginning March 1, 2017 will not change under the amendment during FY 17. Annual operating expenses in FY 17 are approximately \$88,822 based on the current and amended Lease terms, as approved by the Council on May 2, 2017. There will be change in the base rent beginning March 1, 2018 due to the 3 percent annual increase previously disclosed as a \$0.05 annual increase and the additional 150 SF included in this amendment.

Sufficient funds to cover rental payments for FY 17 are currently appropriated in the General Services Fund (IS 385) in the Technology and Innovation Department (TI) to support this activity. Approval of the proposed amendment anticipates a positive local job impact.

Approve recommendation.

JOHN KEISLER
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& PROPERTY DEVELOPMENT

BRYAN SASTOKAS
DIRECTOR OF TECHNOLOGY & INNOVATION

APPROVED:

PATRICK H. WEST
CITY MANAGER