



## Legislation Text

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**File #:** 06-0005, **Version:** 1

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Recommendation to authorize City Manager to execute the Sixth Addendum to Lease No. 21427 with 3221 Industry, LLC, for warehouse space at 3221 Industry Drive, Signal Hill, for use by the Long Beach Gas and Oil Department and the Long Beach Junior Concert Band at the monthly rent of \$10,300 for the first 12 months, increasing 3 percent per year for the remainder of the five-year term; and

In 2001, the City Council approved the Fifth Addendum to Lease No. 21427 for the warehouse facility at 3221 Industry Drive, Signal Hill (Site) for five additional years through March 31, 2006 and providing one option to renew for a period of five years. (See attached Council letter dated April 24, 2001). The Site is used to provide storage space for the Oil Bureau in the Long Beach Gas and Oil Department and through a sublease, to house the Long Beach Junior Concert Band (Band). During the term of the Lease, the property has been sold multiple times. The current owner is "3221 Industry, LLC" (Landlord).

The Site contains approximately 15,714 square feet of warehouse space and is located in an industrial park in the City of Signal Hill. The Oil Bureau utilizes approximately 5,814 square feet of the facility. The remaining portion, measuring approximately 9,900 square feet, is subleased to the Band for its office headquarters, rehearsal halls and storage facilities. The Department of Parks, Recreation and Marine (PRM) provides the funding for the Sublease for the Band.

The Long Beach Gas and Oil Department and the Long Beach Junior Concert Band wish to continue their tenancy at the Site beyond the end of the current term. The proposed Sixth Addendum between the City and the Landlord contains the following major provisions:

**Premises:** The leased premises are composed of approximately 15,714 square feet of warehouse space at 3221 Industry Drive, Signal Hill.

**Length of Term:** The term of the Lease shall be extended for five additional years and shall terminate on March 31, 2011.

**Rent:** The monthly base rent for the option period shall be \$10,300 with annual three percent increases as follows:

Months 1-12

Months 13-24

Months 25-36

Months 37-48

Months 49-60

\$10,300.00 - approximately \$0.66 per square foot;

\$10,609.00 - approximately \$0.68 per square foot;

\$10,927.27 - approximately \$0.70 per square foot;

\$11,255.09 - approximately \$0.72 per square foot;

\$11,592.74 - approximately \$0.74 per square foot;

The above-listed rental rates are considered to be very competitive for industrial

warehouse space in this area, which currently average \$0.72 - \$1 .00 per square foot.

Utilities, Services and Taxes: The City shall continue to pay utilities, real property taxes and common area charges.

Tenant Improvement Allowance: The Landlord shall provide a tenant improvement allowance of \$5,000.

Buildina Maintenance: The Landlord, at his sole cost and expense, shall maintain the parking lot, fence, bollards, roof, ceiling and windows.

With the exception of the above changes, all other terms, covenants and conditions in Lease No. 21427 and the previous five Addenda shall remain in effect.

The proposed First Amendment to Sublease No. 27349 with the Band contains the following major provisions:

Premises: The subleased premises are composed of approximately 9,900 square feet of warehouse space at 3221 Industry Drive, Signal Hill.

Lenqth of Term: The term of the Sublease shall be extended for five additional years and shall terminate on March 31,201 1.

Rent: The monthly base rent for the option period shall be \$6,489 with annual three percent increases as follows:

Months 1-12

Months 13-24

Months 25-36

Months 37-48

Months 49-60

\$6,489.00 - approximately \$0.66 per square foot;

\$6,683.67 - approximately \$0.68 per square foot;

\$6,884.18 - approximately \$0.70 per square foot;

\$7,090.71 - approximately \$0.72 per square foot;

\$7,303.43 - approximately \$0.74 per square foot;

0 Utilities. Services and Taxes: For its portion of the leased premises, the Band shall continue to pay for utilities, real property taxes and common area charges.

With the exception of the above changes, all other terms, covenants and conditions in Sublease No. 27349 shall remain in effect.

This letter was approved by Senior Deputy City Attorney Donna F. Gwin on December 1,2005 and by Budget Management Officer David Wodynski on December 29,2005.

City Council action is requested on January I O , 2006, to allow time for the completion of the real estate transaction prior to the termination of the current term.

The monthly base rent payment of \$10,300 is composed of \$3,811 provided by the Long Beach Gas and Oil Department and \$6,489 provided by the Department of Parks, Recreation and Marine on behalf of the Long Beach Junior Concert Band.

Sufficient funding for this activity is budgeted in the Tidelands Oil Revenue Fund (TORF) in the Long Beach Gas and Oil Department (GO) and in the Special Advertising and Promotion Fund (SR 133) in the Department of Parks, Recreation and Marine (PR). There is no impact to the General Fund.

PATRICK H. WEST  
DIRECTOR OF COMMUNITY DEVELOPMENT

CHRISTOPHER J. G A M R  
DIRECTOR OF LONG BEACH GAS AND OIL

PHIL T. HESTER  
DIRECTOR OF PARKS, RECREATION AND MARINE

NAME  
TITLE

APPROVED:

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GERALD R. MILLER  
CITY MANGER