



## Legislation Text

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**File #:** 22-1326, **Version:** 1

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Recommendation to authorize City Manager or designee, to execute the Second Amendment to Office Lease No. 34494 between 222 West Sixth Street LLC, a Delaware limited liability company, and the City of Long Beach, a municipal corporation, and extend Sublease No. 35014 between the City of Long Beach and the State of California Employment Development Department. (District 1)

On November 22, 2016, the City Council authorized the execution of Lease No. 34494 (Lease) for approximately 8,020 square feet of office space at 222 West 6th Street, Suite 410 (Premises), for the relocation and continued operation of the Harbor Gateway WorkSource Center (HGWSC). On September 19, 2017, the City Council authorized a First Amendment to the Lease to incorporate an additional 1,175 rentable square feet (Suite 480), into the Premises for the YouthSource Center. Further, the State of California Employment Development Department (EDD), through Sublease No. 35014 (Sublease), utilizes space at the Premises to administer the Employment Services program and provide labor exchange services to job seekers and veterans. The City of Long Beach's (City) Lease, as well as EDD's Sublease, is scheduled to expire on November 30, 2022.

Through a contract with the City of Los Angeles Economic and Workforce Development Department (LAEWDD), the HGWSC assists approximately 2,000 job seekers per month with no-cost job training and employment placement services and serves as America's Job Center of California (AJCC) for the San Pedro/Harbor Area. All services are provided under the guidance of the Workforce Development Board, also known as the Pacific Gateway Workforce Innovation Network (PGWIN), which administers the communities' collective annual federal Workforce Innovation and Opportunity Act (WIOA) funds as well as other employment and training funds. The City was not granted a new contract by LAEWDD to continue providing YouthSource Center services beyond November 30, 2022. Further, the City is also in its last contract year of providing WorkSource services, which is scheduled to end on June 30, 2023. LAEWDD has not issued a new RFP to provide Work Source services and future release does not appear to be imminent.

To ensure that services can continue through the end of the current contract term, a proposed Second Amendment has been negotiated to extend the Lease through June 30, 2023 for the portion of the Premises that includes the HGWSC only (Amended Premises). The portion that includes the YouthSource Center will be returned to the Landlord and no longer part of the City's Lease (Returned Premises).

The proposed Second Amendment to Lease No. 34494 has been negotiated containing the following major terms and provisions:

- Landlord: 222 West Sixth Street LLC, a Delaware limited liability company.
- Tenant: City of Long Beach, a municipal corporation.
- Amended Premises: Approximately 8,020 square feet of office space located at 222 West 6<sup>th</sup> Street, Suite 410, operating as general offices for Harbor Gateway WorkSource Center.
- Returned Premises: Approximately 1,175 rentable square feet of office space located at Suite 480 will be returned to the landlord upon the expiration of the current term on November 30, 2022.
- Use: General offices for Harbor Gateway WorkSource Center.
- Lease Term: 7 months commencing December 1, 2022, through June 30, 2023.
- Renewal Options: None.
- Rental Rate: Full Service Gross at \$2.50 per square foot, per month (\$20,050).
- Holdover Rent: If the YouthSource (Suite 480) or Harbor Gateway WorkSource Center (Suite 410) are not vacated by November 30, 2022, and June 30, 2023, respectively, rent will increase to 200 percent of Base Rent.
- Base Year/Operating Expenses: Base Year shall remain the calendar year 2017. The tenant's pro rata share of operating expenses will be adjusted to 2.74 percent based on the reduction of the Returned Premises.

Subleasing Rights: Tenant shall have the right to sublease all or any portion of the Leased Premises to any governmental entity or agency in partnership with the PGWIN without Landlord's consent.

All other remaining terms and provisions of Lease No. 34494 shall remain in full force and effect. EDD's sublease No. 35014 will be extended to expire conterminously with the Master Lease on June 30, 2023.

This matter was reviewed by Principal Deputy City Attorney Richard F. Anthony on October 21, 2022 and by Budget Operations and Development Officer Rhutu Amin Gharib on October 27, 2022.

City Council action is requested on November 15, 2022, in order to execute the Second Amendment in a timely manner.

The base rent for an additional lease term of seven months shall be \$20,050 per month for a total of \$140,350 through June 30, 2023. The City will also pay operating expenses estimated at \$617 per month. Rent and operating expenses for the Fiscal Year 2023 (FY 23) will be approximately \$144,669. These costs are supported by grants made available through LAEWDD and WIOA funds. Sufficient funds are currently budgeted in the Community Development Grants Fund Group in the Economic Development Department. Approval of this recommendation will provide continued support to the local economy and residents.

This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

Approve recommendation.

[Enter Body Here]

BO MARTINEZ  
DIRECTOR OF ECONOMIC DEVELOPMENT

APPROVED:

THOMAS B. MODICA  
CITY MANAGER