



Legislation Text

File #: 23-0367, **Version:** 1

Recommendation to authorize City Manager or designee, to execute the Second Amendment to Lease No. 34170 between 4811 Airport Plaza, LLC, a Delaware limited liability company, and the City of Long Beach, a municipal corporation for office space at 4811 Airport Plaza Drive, Suites 110, 120, and 200, and any and all documents necessary for subleases by and between the City of Long Beach and various agencies and organizations on an as-needed basis as necessary throughout the term of the lease, for the continued operations of the WorkPlace by the Workforce Development Bureau in the Department of Economic Development; and

Increase appropriations in the General Fund Group in the Economic Development Department by \$457,760, offset by reimbursement revenues. (District 4)

On December 15, 2015, the City Council authorized Lease No. 34170 (Lease) between the City of Long Beach (City) and 4811 Airport Plaza, LLC (Landlord), for approximately 22,511 rentable square feet of office space at 4811 Airport Plaza Drive, Suites 110, 120 and 200 (Premises) (Attachment). The Lease allowed for the relocation of the former Career Transition Center, now known as the WorkPlace, an America's Job Center of California (AJCC) for job training and employment services. On August 13, 2019, the City Council authorized the First Amendment to Lease No. 34170 to allow for additional janitorial services by the Landlord at the Premises. The current term of the Lease will expire on July 31, 2023. The City has the option to extend for a period of five years upon written notice to the Landlord.

The Pacific Gateway Workforce Innovation Network (Pacific Gateway), administered by the City through the Economic Development Department's Workforce Development Bureau, has operated since October 1997 in partnership with various public and private organizations. A current City partner, the State Employment Development Department (EDD), subleases space at the WorkPlace. Pacific Gateway and its partner have assisted approximately 1,500 job seekers monthly with free job training and employment services at the WorkPlace. As a new funding partner becomes available, the City subleases available space to the additional partners as part of the operations of the WorkPlace.

To allow for the WorkPlace to continue operations, and to maintain enhanced delivery of services to the community with its partners, the City has exercised its five-year option to extend the Lease through July 31, 2028 (Extended Term). As part of the negotiation process, the Premises were remeasured consistent with the Standard Method for Measuring Floor Area in Office Buildings, ANSI/BOMA Z65-.1-2017, and have been increased to 22,888 rentable square feet. The proposed Second Amendment to Lease No. 34170 has been

negotiated containing the following major terms and provisions:

- Landlord: 4811 Airport Plaza, LLC, a Delaware limited liability company.
- Tenant: City of Long Beach, a municipal corporation.
- Premises: Approximately 22,888 rentable square feet of office space located at 4811 Airport Plaza Drive, Suites 110, 120, and 200, as remeasured pursuant to Standard Method for Measuring Floor Area in Office Buildings, ANSI/BOMA Z65-1-2017. This is an increase of approximately 377 rentable square feet over the original calculation of 22,511 rentable square feet.
- Extended Lease Term: 60 months commencing August 1, 2023, and terminating July 31, 2028.
- Early Termination: City shall have the ongoing right to terminate the Lease at any time after the 36th month of the Extended Lease Term by providing six months prior written notice to the Landlord. A termination penalty shall be assessed equal to the total of a) the unamortized cost of the tenant improvement allowance, b) rent abatement provided, c) any legal fees incurred with the tenant's exercise of its early termination right, and d) the unamortized portion of brokerage commissions.
- Base Rent: Full Service Gross at the following schedule:
 - Months 1-12: \$2.41 per rentable square foot, per month.
 - Months 13-24: \$2.48 per rentable square foot, per month.
 - Months 25-36: \$2.56 per rentable square foot, per month.
 - Months 37-48: \$2.63 per rentable square foot, per month.
 - Months 49-60: \$2.71 per rentable square foot, per month.
- Operating Expenses: City shall pay its pro rata share, approximately 18.26 percent, of any increases in building operating and tax expenses with 2023 operating expenses being the base year.
- Rent Abatement: The monthly base rent for the (1st) month, thirteenth (13th) month, twenty-fifth (25th) month, thirty-seventh (37th) month, and forty-ninth (49th) month shall be abated.
- Tenant Improvements: Landlord shall provide a \$20 per rentable square foot, or \$457,760, in tenant improvement allowance for the remodel or refurbishment of the Premises. Any improvements must be made by the City within the first 24 months and will be reimbursed within 30 days from Landlord's receipt of the request. In the event that the City does not exhaust the full tenant improvement allowance, the City

may elect to utilize up to \$114,440 as a credit against Base Rent. Any remaining unused portion beyond this amount shall be forfeited.

- Option to Renew: City shall have one five-year option to renew with written notice to the Landlord no less than nine (9) months prior to the Extended Term expiration date of July 31, 2028. The fair Market Rental Rate of Base Rent will be pursuant to the negotiation and subject to City Council approval.

This matter was reviewed by Principal Deputy City Attorney Richard F. Anthony on March 23, 2023 and by Budget Operations and Development Officer Rhutu Amin Gharib on March 31, 2023.

LEVINE ACT: Yes

LEVINE ACT

This item is subject to the Levine Act. The Mayor, Councilmembers, and Commissioners who have received a contribution of more than \$250 within 12 months prior from a party, participant, or their representatives involved in this proceeding may do either of the following: (1) disclose the contribution on the record and recuse themselves from this proceeding; OR (2) return the portion of the contribution that exceeds \$250 within 30 days from the time the elected official knew or should have known about the contribution and participate in the proceeding.

All parties, participants, and their representatives must disclose on the record of this proceeding any contribution of more than \$250 made to the Mayor or any Councilmembers within 12 months prior to the date of the proceeding. The Mayor, Councilmembers, and Commissioners are prohibited from accepting, soliciting, or directing a contribution of more than \$250 from a party, participant, or their representatives during a proceeding and for 12 months following the date a final decision is rendered.

City Council action is requested on April 18, 2023, to facilitate the execution of the Second Amendment to Lease No. 34170 in a timely manner.

Rent and operating expenses will be approximately \$606,761 for the first year of the agreement, beginning August 1, 2023. This includes the abatement of base rent for the first month. Sufficient Workforce Innovation and Opportunity Act (WIOA) grant funding is currently appropriated in the Community Development Grants Fund Group in the Department of Economic Development. In addition, the City shall receive reimbursements for tenant improvements up to \$457,760. An appropriation increase is requested in an amount of \$457,760 in the General Fund Group in the Economic Development Department, offset by reimbursement revenue.

This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. Approval of this recommendation will

result in employment preparation, placement, training, supportive services, and retention services to several thousand residents.

Approve recommendation.

BO MARTINEZ
DIRECTOR OF ECONOMIC DEVELOPMENT

APPROVED:

THOMAS B. MODICA
CITY MANAGER