

April 21, 2020

NB-29

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager, or designee, to execute all documents necessary, for the relinquishment of the City of Long Beach's Right of First Refusal, termination of use covenants, and termination of access easements pertaining to real property owned by The Boeing Company (APN's 7149-001-052 and 7149-003-010). (District 5)

DISCUSSION

In December 1981, the City of Long Beach (City) and the Board of Water Commissioners of the City authorized Real Estate Sales Agreement No. 15651 (Agreement). The subject Agreement was for the sale of real property adjacent to the Long Beach Airport to McDonnell Douglas Corporation (MDC) for aircraft manufacturing. The sale included provisions for the reservation of aviation easements, water rights, oil, gas, and minerals. It also included covenants limiting the use of the property for aircraft manufacturing and related uses. Additionally, a provision for the City's Right of First Refusal was included in the sale. This provision provided the City the opportunity to purchase the property for the same price as a bona fide third party's offer.

In 1985, the Department of Defense (DOD) awarded MDC a full-scale development contract for the production of large military transport aircraft (C-17). In 1997, MDC merged with The Boeing Company (Boeing). In 2015, Boeing ended C-17 aircraft production and initiated the closure of the plant. In 2019, Boeing sold approximately 90 acres of the former C-17 production site. The property is now owned by Goodman, an industrial developer/operator who plans to redevelop the site.

Boeing has notified the City of its intent to dispose of additional property (APN's 7149-001-052 and 7149-003-010), herein referred to as "Subject Property." The Subject Property is comprised of approximately 54 acres (Attachment A). To facilitate the sale and economic development of the Subject Property, staff recommends the relinquishment of the City's Right of First Refusal and termination of use covenants regarding the use of the Subject Property for aircraft manufacturing under the provisions of the Agreement and various grant deeds recorded in connection therewith.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on April 7, 2020 and by Budget Management Officer Rhutu Amin Gharib on April 9, 2020.

HONORABLE MAYOR AND CITY COUNCIL
April 21, 2020
Page 2

TIMING CONSIDERATIONS

City Council action is requested on April 21, 2020, to facilitate the sale and economic development of the Subject Property.

STATEMENT OF URGENCY

City Council action is requested on April 21, 2020, to allow the City to immediately enter into as-needed contracts to relinquish restrictions affecting the Subject Property.

FISCAL IMPACT

There is fiscal or local job impact associated with this recommendation. The property is privately held, and the City does not have any liabilities related to a private sale. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN KEISLER
DIRECTOR OF
ECONOMIC DEVELOPMENT

ATTACHMENT

APPROVED:



THOMAS B. MODICA
CITY MANAGER

EXHIBIT A



Part of Boeing Subject Site
in the
City of Lakewood
(approximately 19-acres)

SUBJECT BOEING SITE
CITY OF LONG BEACH
(APPROXIMATELY 54-ACRES)



City of Long Beach Memorandum
Working Together to Serve

REQUEST TO ADD AGENDA ITEM

Date: April 16, 2020
To: Monique De La Garza, City Clerk
From: Thomas B. Modica, City Manager
Subject: Request to Add Agenda Item to Council Agenda of April 21, 2020

Pursuant to Municipal Code Section 2.03.070 [B], the City Councilmembers signing below request that the attached agenda item (due in the City Clerk Department by Friday, 12:00 Noon) be placed on the City Council agenda via the supplemental agenda.

The agenda title/recommendation for this item reads as follows:

Authorize the City Manager, or designee, to execute all documents necessary, for the relinquishment of the City of Long Beach's Right of First Refusal, termination of use covenants, and termination of access easements pertaining to real property owned by The Boeing Company (APN's 7149-001-052 and 7149-003-010). (District 5)

Council District	Authorizing Councilmember	Signed by
4	Supernaw	See email
5	Mungo	See email
7	Uranga	See email

Attachment: Staff Report dated April 21, 2020

cc: Office of the Mayor