



# CITY OF LONG BEACH

DEPARTMENT OF COMMUNITY DEVELOPMENT

**C-9**

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802

November 14, 2006

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

## RECOMMENDATION:

Authorize the City Manager to execute the Fourth Amendment to Lease No. 21569 with Gulfstream Aerospace Corporation, a California corporation, for City-owned property at the Long Beach Airport to increase the lease area, adjust the rent and require improvements to the existing building. (District 5)

## DISCUSSION

On December 22, 1987, the City Council authorized the execution of Lease No. 21569 between the City of Long Beach and Gulfstream Aerospace Corporation, formerly known as 7701 Woodley Avenue Corporation (Gulfstream), for the use and occupancy of City-owned property and improvements at the Long Beach Airport. The Gulfstream site, measuring approximately 549,292 square feet (Exhibit "A") is primarily used for aircraft manufacturing. The initial term of the Lease will expire March 23, 2012, however, as per the Lease, Gulfstream is afforded one six-year and two five-year Lease extension options for a potential Lease termination date of March 23, 2028.

Earlier this year, an adjacent month-to-month lease of City-owned property with Hagelin Aircraft terminated due to the cessation of operations, freeing up approximately 40,200 square feet of City-owned property at the Airport (Exhibit "B"). The vacant site is adjacent to the Gulfstream site and includes a building comprising 2,538 square feet of office space, 4,590 square feet of workshop space, 3,456 square feet of aircraft hangar space and a 22-space parking lot. The building's interior, roof, and heating, ventilation and air conditioning (HVAC) system are in need of major repair and/or equipment replacement. Improvements to the building are also necessary in order to comply with current ADA requirements and to upgrade the electrical service to the entire building. An environmental study was conducted and concluded that the vacant site was free of environmental contamination.

Airport staff had discussions with tenants directly adjacent to the vacant site for possible incorporation into their respective operations. Gulfstream expressed an interest in incorporating the vacant site into their current leasehold in its "as-is" condition. In an effort to lease the vacant site and accommodate the needs of current Tenant

operations, a proposed Fourth Amendment to Lease No. 21569 has been negotiated containing the following major terms and provisions:

- **Leased Premises:** Effective December 1, 2006, the Leased Premises shall be expanded and shall increase from approximately 549,292 square feet to approximately 589,492 square feet encompassing both properties shown in Exhibits "A" and "B".
- **Rent:** The monthly rental rate for the Leased Premises shall increase by \$2,580, as determined by fair market value appraisal, bringing the total monthly rental rate for the entire Leased Premises to \$37,675. The monthly rental rate will be adjusted in accordance with the terms and conditions of the existing Lease at five-year intervals based on fair market value.
- **Building Improvements:** The appraised value of the existing building on the former Hagelin Aircraft site is approximately \$127,500. Within the next five years, Gulfstream shall invest no less than \$200,000 in building improvements, roof and interior repairs, painting, floor coverings including the removal of any asbestos-containing floor materials, electrical service upgrade and repairs to the HVAC system. Gulfstream will also be required to comply with ADA requirements as needed.

This letter was reviewed by Deputy City Attorney Richard F. Anthony on October 26, 2006 and Budget Management Officer David Wodynski on October 31, 2006.

#### TIMING CONSIDERATIONS

City Council action is requested on November 14, 2006 in order to execute the Fourth Amendment in anticipation of the December 1, 2006 commencement date.

#### FISCAL IMPACT

Annual Lease rental payments shall increase an additional \$30,960 for a total of \$452,100 and will continue to accrue to the Airport Enterprise Fund (EF 320) in the Department of Public Works (PW).

HONORABLE MAYOR AND CITY COUNCIL

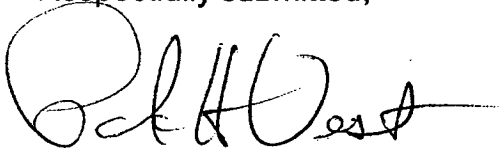
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SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



PATRICK H. WEST  
DIRECTOR OF  
COMMUNITY DEVELOPMENT



CHRISTINE F. ANDERSEN  
DIRECTOR OF  
PUBLIC WORKS

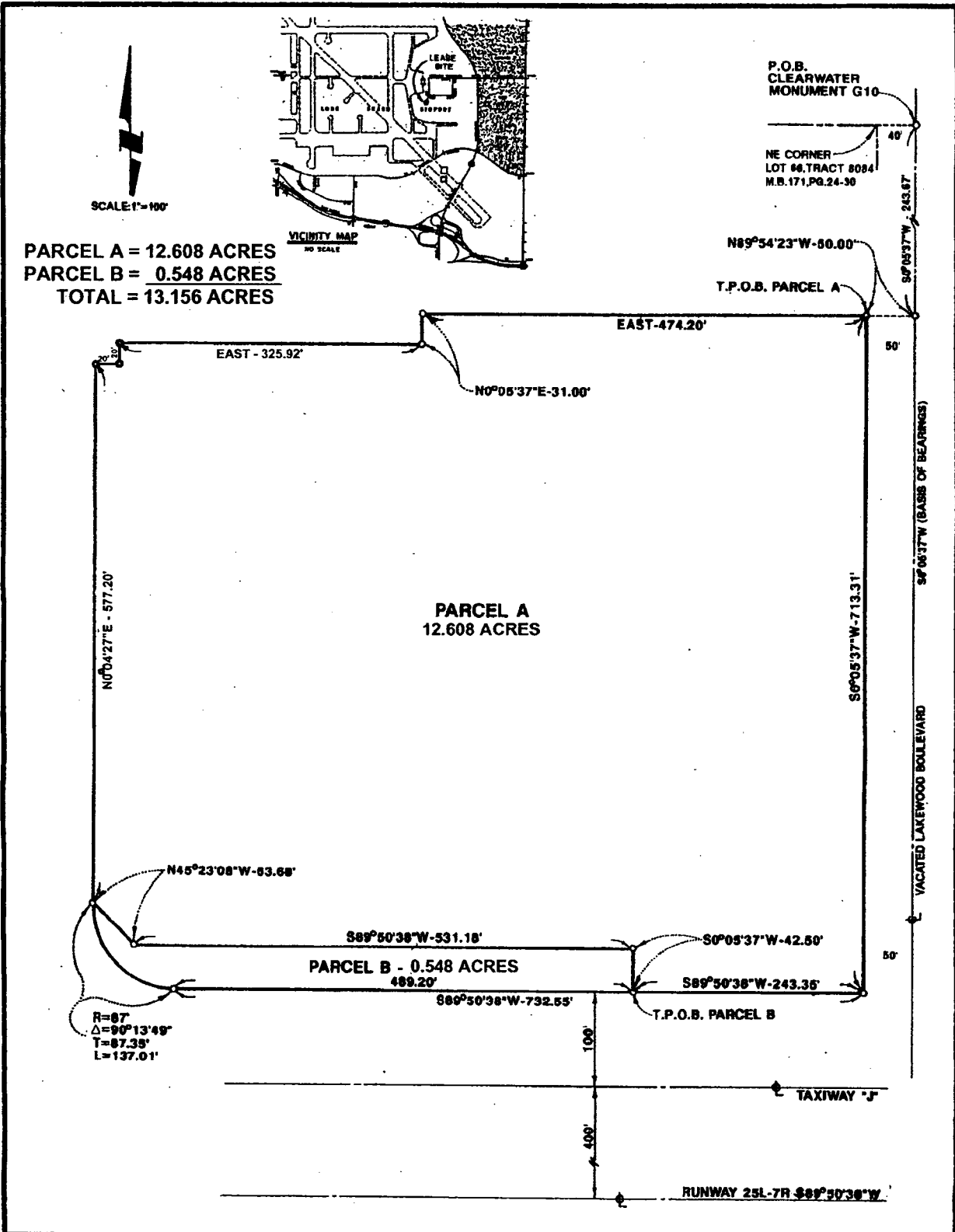
PHW:CFA:VLA:lej

Attachments: Exhibit "A" - Lease Map  
Exhibit "B" - Lease Map

APPROVED:

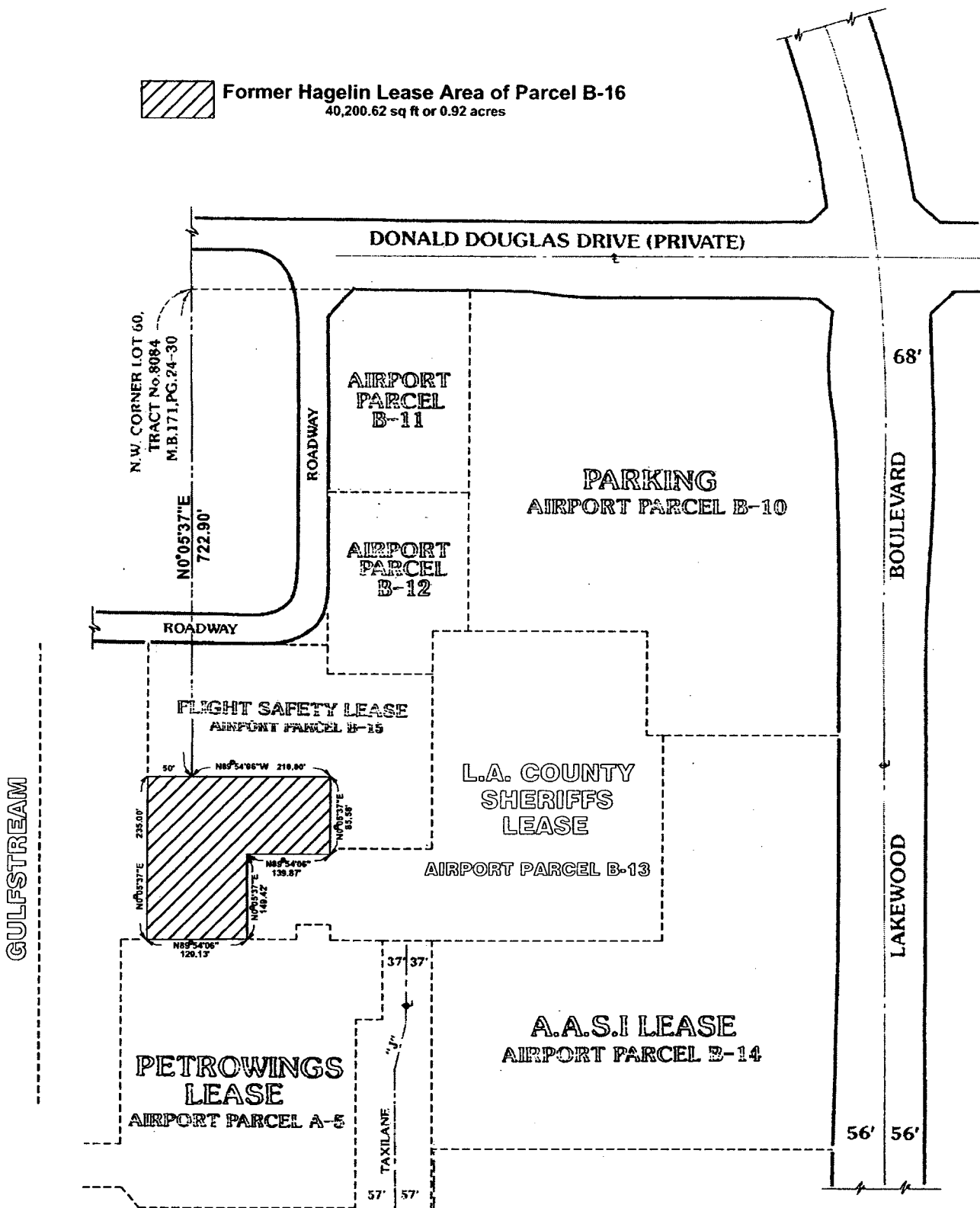
  
for GERALD R. MILLER  
CITY MANAGER

# EXHIBIT "A"



<i>A.R. Lubamal</i> 3/23/89 <b>CHIEF SURVEYOR</b> L.S. 4806		<b>FIELD WORK</b>			<b>CITY OF LONG BEACH - CALIFORNIA</b> <b>DEPARTMENT OF PUBLIC WORKS, ENGINEERING BUREAU</b>	
		BOOK	PAGE	DATE		
<i>Chris Kuang</i> 3/29/89 <b>MANAGER, AIRPORT BUREAU</b>		L28	98-108	5-18-77	<b>Gulfstream</b> LEASE AT LONG BEACH AIRPORT	
		L1144	123-124	2-2-85		
<b>DIVISION ENGINEER</b> R.E. 37230		<b>DRAWINGS</b>			DATE APPROVED <i>3/29/89</i> <b>ACTING CITY ENGINEER</b> R.E. 4233	
		DWG. NO.	PAGE	DATE		
PREPARED <b>S.SMITH</b>		M-1802	1	12-28-78	LEASE NO. _____ DRAWING NO. <b>A-1542</b>	
		CHECKED <b>J.McKEAN</b>				

 Former Hagelin Lease Area of Parcel B-16  
40,200.62 sq ft or 0.92 acres



CITY OF LONG BEACH - CALIFORNIA  
DEPARTMENT OF PUBLIC WORKS, ENGINEERING BUREAU

Long Beach Airport Lease of Parcel B-16  
Property to be leased by  
**Gulfstream**