

October 3, 2023

C-23

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager, or designee, to execute all documents necessary to amend Fixed Base Operation Lease No. 21569 between the City of Long Beach and Gulfstream Aerospace Corporation, a California corporation, for City-owned property at 4150 Donald Douglas Drive and 3521 E. Spring Street at the Long Beach Airport by bifurcating the leased premises into two separate leases and extending the current extension option deadline under the existing lease; and,

Authorize the City Manager, or designee, to execute all documents necessary to provide for a potential assignment of the bifurcated leases, without amendment to the material terms thereof. (Districts 4, 5)

DISCUSSION

On December 22, 1987, the City Council authorized the execution of Fixed Base Operation Lease No. 21569 (Lease) with Gulfstream Aerospace Corporation (Gulfstream), successor in interest to 7701 Woodley Avenue Corporation, for City-owned property at 4150 Donald Douglas Drive (Main Site) at the Long Beach Airport (Airport). Amended seven times for general administrative changes, on January 6, 2015, the City Council authorized the Eighth Amendment to the Lease to expand the leased premises to include approximately six acres of land at 3521 E. Spring Street (Spring Street Site). The Spring Street Site, formerly leased by the Boeing Company, expanded Gulfstream's maintenance and repair services capacity to the southside of the Airport including a two-story office building, an aircraft hangar, and an aircraft parking ramp with direct access to the airfield.

In October 2020, Gulfstream announced plans to close its facilities at the Airport. Maintenance and repair operations at the Spring Street Site have continued at the Airport, while all services at the Main Site were relocated to other Gulfstream locations. Gulfstream has been actively marketing the assignment of its leasehold interest in the Main Site, while addressing facility repair and remediation requirements as part of its closure. Gulfstream intends to continue its presence in Long Beach at the Spring Street Site providing maintenance and repair services for its customers, while concurrently continuing its discussions and negotiations for assignment of its interest in the Main Site.

To facilitate these transactions, Airport requests City Council approval for the bifurcation of Fixed Base Operation Lease No. 21569 into two separate and independent leases. The proposed new leases will contain the following major terms and provisions:

- Leased Premises Bifurcation: The Leased Premises will be bifurcated into two separate and independent leases. The Main Site will retain the original contract number, No. 21569. The Spring Street Site will be covered by a new lease with a new contract number and will include generally the same terms and conditions as Lease No. 21569, except for the leased premises and the monthly rent.
- Lease Term: The original lease provides for an option to extend the term for an additional five-year period. To accommodate Gulfstream's continued operations at the Airport, the term of the lease for the Spring Street Site will be extended thorough March 13, 2029.

To accommodate Gulfstream's continued efforts for an assignment of its leasehold interest in the Main Site, the notification deadline for the tenant to exercise the five-year extension for the Main Site will be extended until October 31, 2023. Failure to provide notification by this date will result in the termination of the lease and return of the Main Site to the Airport on March 13, 2024.

- Monthly Rent: The monthly rent for the bifurcated leases is based on the recent rental rate adjustment process effective March 14, 2023, and will not be changed by the proposed bifurcation. The monthly rent for the Main Site will continue at \$63,095.58 and the monthly rent for the Spring Street Site will continue at \$22,714.50.

This matter was reviewed by Principal Deputy City Attorney Richard F. Anthony on September 11, 2023 and by Budget Analysis Officer Greg Sorensen on September 13, 2023.

TIMING CONSIDERATIONS

City Council action is requested on October 3, 2023, to execute the bifurcated leases in a timely manner.

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.

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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.

FISCAL IMPACT

The current monthly rent is \$63,095.58 for the Main Site and \$22,714.50 for the Spring Street Site. The bifurcation of the lease has no impact to these monthly rent amounts and the rent revenues continue to accrue in the Airport Fund Group in the Airport Department. 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.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



CYNTHIA GUIDRY
DIRECTOR, LONG BEACH AIRPORT

APPROVED:



THOMAS B. MODICA
CITY MANAGER

LEVINE ACT DISCLOSURE STATEMENT

California Government Code Section 84308, commonly referred to as the "Levine Act," prohibits any Long Beach City Councilmember, the Mayor, and Commissioner ("City Officer") from participating in any action related to a proceeding if they receive any political contributions totaling more than \$250 within the previous twelve months, while a proceeding is pending, and for 12 months following the date a final decision in a proceeding concerning a license, permit, entitlement, franchise or, contract (collectively "license, permit, or contract") has been made, from the person or company awarded the said license or contract. The Levine Act also requires a City Officer that has received such a contribution to disclose the contribution on the record of the proceeding.

City Officers are listed at the following sites:

- The Mayor and Councilmembers - <https://www.longbeach.gov/officials/>
- Harbor Commissioners - <https://polb.com/commission>
- Water Commissioners - <https://lbwater.org/about-us/current-water-commissioners/>
- Planning Commissioners - <https://www.longbeach.gov/mayor/action/commissions/>
- Parks and Recreation Commissioners - <https://www.longbeach.gov/mayor/action/commissions/>
- Board of Examiners, Appeals, and Condemnation - <https://www.longbeach.gov/mayor/action/commissions/>
- Cultural Heritage Commission - <https://www.longbeach.gov/mayor/action/commissions/>
- Long Beach Community Investment Company - <https://www.longbeach.gov/lbds/hn/lbcic/>

Proposers are responsible for accessing these links to review the names prior to answering the following questions.

1. Have you or your company, or any agent on behalf of you or your company, made any political contributions of more than \$250 to any City Officer in the 12 months preceding the date of the submission of your proposals or the anticipated date of any City Council, Board, or Commission action related to this license, permit, or contract?

YES

NO

If yes, please identify the City Officer(s):

2. Do you or your company, or any agency on behalf of you or your company, anticipate or plan to make any political contribution of more than \$250 to any City Officer in the 12 months following any City Council, Board, or Commission action related to this license, permit, or contract?

YES

NO

If yes, please identify the City Officer(s):

Answering yes to either of the two questions above does not preclude the City of Long Beach from awarding a license, permit, or contract to your firm or any taking any subsequent action related to the said license, permit, or contract. It does, however, preclude the identified City Officers from participating in any actions related to this license, permit, or contract.

09/08/23

Date



Signature of authorized individual

James P. Whalen

Type or write name of authorized individual

Gulfstream Aerospace Corporation, a CA corp.

Type or write name of company