

# CITY OF LONG BEACH C-10

DEPARTMENT OF PUBLIC WORKS

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April 3, 2012

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

## RECOMMENDATION:

Authorize the City Manager to execute the Third Amendment to Lease No. 19380 with The Boeing Company, a Delaware corporation, as successor-in-interest to McDonnell Douglas Corporation, a Maryland corporation, for City-owned property at the northwest corner of E. Wardlow Road and Globemaster Way at the Long Beach Airport. (District 5)

## DISCUSSION

On June 10, 1986, the City Council authorized the execution of Lease No. 19380 (Lease) between the City of Long Beach and the McDonnell Douglas Corporation, predecessor-in-interest to The Boeing Company (Boeing), for a twenty-year term for the use of City-owned property at the northwest corner of E. Wardlow Road and Globemaster Way, to be used primarily for employee parking for the C-17 aircraft-manufacturing program (C-17 Program). On December 29, 1987, the City Council approved the First Amendment providing for a corrected legal description of the leased premises. On April 3, 2007, the City Council authorized the extension of the term of the Lease for an additional five-year and five-day period.

Since October 2011, the Airport and Boeing have engaged in discussions and negotiations regarding the long-term continued occupancy of the leased premises. Under the provisions of the Lease, Boeing may further extend the term, at its option, for up to five additional periods of five years each. At this time, given the uncertainty of the C-17 Program beyond current production commitments, Boeing is hesitant to exercise its next five-year option. Boeing would like to commit to shorter terms and seeks to modify the next five-year option in order to provide greater flexibility.

In an effort to accommodate Boeing's needs, a Third Amendment to Lease No. 19380 has been negotiated with the following major terms and provisions:

- Options to Extend: The existing five consecutive 5-year option terms allowed under the Lease shall be modified to five consecutive 1-year option terms followed by four consecutive 5-year option terms.

- Lease Term: Boeing shall exercise its first 1-year option term to extend the term of the Lease through January 31, 2013. Boeing shall have four consecutive 1-year option terms followed by four consecutive 5-year option terms remaining to further extend the term of the Lease.

All other remaining terms and provisions of Lease No. 19380 shall remain in full force and effect.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on February 29, 2012 and Budget Management Officer Victoria Bell on March 8, 2012.

TIMING CONSIDERATIONS

City Council action is requested on April 3, 2012, in order to execute the Third Amendment and formalize Boeing's continued occupancy of the leased premises.

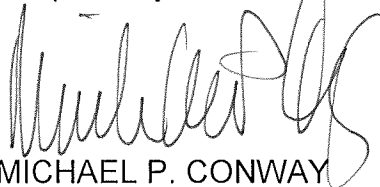
FISCAL IMPACT

Monthly base rent payments of \$89,564 shall continue to accrue to the Airport Enterprise Fund (EF 320) in the Airport Department (AP). There is no impact to the General Fund and no known local job impact associated with the recommended action.

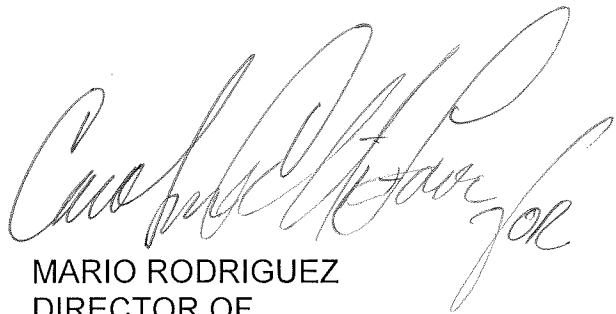
SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



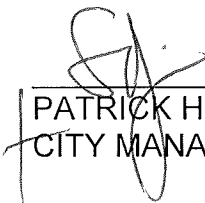
MICHAEL P. CONWAY  
DIRECTOR OF  
PUBLIC WORKS



MARIO RODRIGUEZ  
DIRECTOR OF  
LONG BEACH AIRPORT

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APPROVED:



PATRICK H. WEST  
CITY MANAGER

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