



CITY OF LONG BEACH

LONG BEACH AIRPORT

R-30

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January 22, 2008

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute a 24-month lease extension with Williams Scotsman, Inc., for the Airport's temporary modular building units in the amount of \$222,000 per year, not to exceed \$444,000 for two years. (District 5)

DISCUSSION

On January 29, 2002, the City Council authorized the City Manager to execute a 36-month lease of temporary modular building units for the North Boarding Lounge and the Rental Car Building. The installation of the temporary modular building units was necessary to accommodate the substantial increase in passengers, due to the increase in flights with JetBlue Airways in April 2002. The rental car companies were relocated to a temporary office building to provide more floor space in the Airport terminal building.

On August 27, 2002, the City Council approved a Lease/Leaseback Agreement with JetBlue Airways for a temporary South Boarding Lounge. Due to limited Airport cash flow and timing considerations, JetBlue Airways shouldered the total cost of procuring and installing modular trailers, furnishings and improvements to the existing security screening area, as required by the Transportation Security Administration (TSA). The City reimbursed JetBlue Airways for the cost of these latter improvements via credits to the airline's monthly use fees.

On February 1, 2005, the City Council authorized a 36-month extension of the lease of the three temporary facilities.

The modular units were intended to provide reasonable accommodations for near-term passenger activity, pending the construction of permanent terminal improvements consistent with the Long Beach Airport Noise Compatibility Ordinance.

Staff anticipates that terminal improvement construction may not start for another one to two years and it may take another two to three years for the completion of the project.

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Extending the lease for another 24 months will total \$222,000 per year or \$444,000 for two years.

The terms and conditions of the 24-month lease will include a termination clause and a buy-out option at the depreciated value at the time of the buy-out, along with Consumer Price Index adjustments (Los Angeles – Riverside – Orange County), as applicable.

This matter was reviewed by Deputy City Attorney Richard Anthony and Budget Management Officer Victoria Bell on January 14, 2007.

TIMING CONSIDERATIONS

City Council action on this matter is requested on January 22, 2008, to avoid any interruption in the lease with Williams Scotsman, Inc.

FISCAL IMPACT

Sufficient funds to cover the monthly lease payments are budgeted in the Airport Enterprise Fund (EF 320).

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,

Christine Edwards

for CHRISTINE F. ANDERSEN
AIRPORT DIRECTOR

CFA:ME:km

APPROVED:

PH *Patrick H. West*

PATRICK H. WEST
CITY MANAGER