



CITY OF LONG BEACH C-13

DEPARTMENT OF PUBLIC WORKS

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December 6, 2011

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute any and all documents necessary for the Third Amendment to Lease No. 20064 between the City of Long Beach and Long Beach Aviation Building, a California limited partnership, for City-owned property at 4307 Donald Douglas Drive at the Long Beach Airport, for the initial monthly rental rate of \$10,504. (District 5)

DISCUSSION

In November 1987, the City Council authorized a 25-year ground lease with Long Beach Aviation Building (LBAB) for the construction of 48 condominium hangars and a flight school. In May 1994, the City Council authorized the First Amendment to provide for an option to extend the term for an additional 15-year period. In July 1999, the City Council authorized the Second Amendment to add a parcel of land consisting of approximately 0.55 acres to the leased premises, which was shortly thereafter assigned to another entity.

Lease No. 20064 will terminate December 31, 2012. LBAB has notified the City of its desire to exercise its option early in order to address subtenant lease extension requests. Staff supports the request to further amend the Lease to memorialize the extension. The proposed Third Amendment to Lease No. 20064 shall include the following major terms and conditions:

- Landlord: City of Long Beach.
- Tenant: Long Beach Aviation Building, a California limited partnership.
- Premises: The leased premises consist of approximately 150,568 square feet or 3.457 acres of land located at 4307 Donald Douglas Drive, at the Long Beach Airport.
- Length of Term: The term of the Lease shall be extended for an additional period of 15 years and shall terminate on December 31, 2027.
- Options to Renew: Tenant shall have no further options to extend the term of the Lease.

- Rent: The current monthly base rent of \$10,270 shall increase to \$10,504 per month effective January 1, 2013. This increase is based on a fair market value (FMV) appraisal conducted by the City's consultant, R.P. Laurain & Associates. The monthly base rent shall be adjusted every five years thereafter, in accordance with the terms of the Lease.

All other terms, covenants and conditions in Lease No. 20064 shall remain in full force and effect.

This letter was reviewed by Deputy City Attorney Richard F. Anthony on October 27, 2011 and Budget Management Officer Victoria Bell on November 2, 2011.

TIMING CONSIDERATIONS

City Council action is requested on December 6, 2011, in order to execute the Third Amendment with Long Beach Aviation Building in a timely fashion.

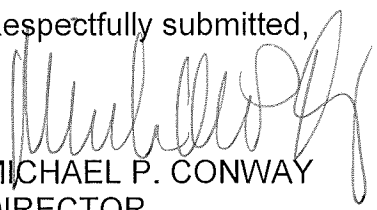
FISCAL IMPACT

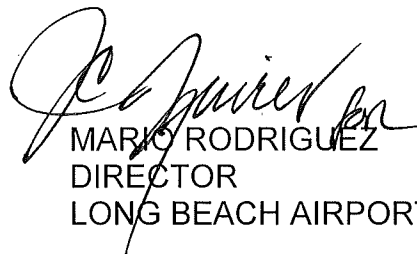
The current annual revenue for Lease No. 20064 is \$123,240. Effective January 13, 2013, annual revenue will increase to \$126,048 and shall accrue in the Airport Fund (EF 320) in the Airport Department (AP). There is no impact to the General Fund for this Amendment, and no local job impact associated with this recommendation.

SUGGESTED ACTION

Approve recommendation.

Respectfully submitted,


MICHAEL P. CONWAY
DIRECTOR
DEPARTMENT OF PUBLIC WORKS


MARIO RODRIGUEZ
DIRECTOR
LONG BEACH AIRPORT

MPC:MR:lnw
12.06.11 Long Beach Aviation Bldg. v1

APPROVED:


PATRICK H. WEST
CITY MANAGER