Legislation Details (With Text)

File #:	05-2316	**Version:** 1	**Name:**	Extension of Lease for Temporary Modular Building Units with Williams Scotsman, Inc. (District 5)
Type:	Contract		**Status:**	CCIS
File created:	1/27/2005		**In control:**	City Council
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Title:	Recommendation to authorize City Manager to execute a 36-month lease extension with Williams Scotsman, Inc., for 26 temporary modular building units, in an amount of $222,000 per year, and not to exceed $666,000 for three years. (District 5)			
Sponsors:	Public Works			
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Date	Ver.	Action By	Action	Result
2/1/2005	1	City Council	approve recommendation	Pass

Recommendation to authorize City Manager to execute a 36-month lease extension with Williams Scotsman, Inc., for 26 temporary modular building units, in an amount of $222,000 per year, and not to exceed
$666,000 for three years. (District 5)

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 facility and the car rental office at the Long Beach Airport. 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 car rental companies were relocated to a temporary office building to provide more floor space in the airport terminal building.

On August 27, 2002, the City of Long Beach approved a Lease/Leaseback Agreement with JetBlue Airways for the south modular units. Due to limited cash flow and timing considerations, JetBlue Airways shouldered the total cost of procurement and installation of modular trailers, furnishings, and the improvements to the existing security screening area as required by the Transportation Security Administration (TSA).   To reimburse JetBlue, the City will be crediting JetBlue a portion of their monthly use fee for a period of three years, which commenced March 1, 2004. Also, the City took over the lease payments of the south modular units starting June 2003.

The existing temporary facilities include 12 modular units for the north boarding lounge, 10 modular units for the south boarding lounge and 4 modular units for the car rental office. The temporary boarding lounges consist of passenger security screening areas, passenger waiting areas and restroom 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. Improvements to the terminal building are being put on hold pending completion of an Environmental Impact Report (EIR).

Staff anticipates that terminal improvement construction, if pursued by the City, may take three years to complete. Extending the lease for another 36 months will cost the City's Airport Fund $222,000 per year or $666,000 for three years.

The terms and conditions of the 36-month lease include a 90-day termination clause and a buy-out option at the depreciated value at the time of the buy-out. In addition, Williams Scotsman, Inc., has agreed that should the City decide to terminate the lease before the full three years, the lease contract will revert to a one year lease and the City will pay the remaining amount due for that year. The City will not incur costs for the remaining original lease period.

This matter was reviewed by Deputy City Attorney Everett Glenn on January 19, 2005 and by Budget Management Officer David Wodynski on January 21, 2005.

City Council action on this matter is requested on February 1, 2005, to avoid any interruption in the lease with Williams-Scotsman, Inc.

Sufficient funds to cover the monthly lease payments are budgeted in the Airport Enterprise Fund (EF 320) in the Department of Public Works (PW).

Approve recommendation.

CHRISTINE F. ANDERSEN
DIRECTOR OF PUBLIC WORKS