



Legislation Text

File #: 08-1220, **Version:** 1

Recommendation to authorize City Manager to execute the Second Amendment to Lease No. 23269 and any subsequent amendments to reduce the area of the leased premises with John Miller, dba Coast Storage Company, for City-owned property at 3919 and 3920 Pixie Avenue, Lakewood, California, to extend the term of the lease through September 30, 2011, at the initial monthly rental rate of \$10,530. (District 5)

Since 1983, John Miller, an individual doing business as Coast Storage Company (Coast), has leased City-owned property at 3919 and 3920 Pixie Avenue (Premises) in the City of Lakewood for the operation of a storage facility for automobiles, recreational vehicles, boats and trailers. The Premises, along the northwest boundary of the Long Beach Airport airfield, measures approximately 5.8 acres and is located within the runway protection zone (RPZ) of the Airport's main runway (see attachment).

Historically, vehicle storage has been an allowable use on City-owned property within the RPZ. In 2007, as a result of incidents of aircraft coming to rest beyond the end of runways at airports including Burbank and Chicago Midway, the Federal Aviation Administration (FAA) changed its policy and eliminated all uses within the central portion of the runway protection zone (CRPZ). As leases within the CRPZ expire, the City is to work with tenants to relocate, clear and secure the CRPZ.

Coast has spent the past several months searching for a relocation site with no success. Approximately 59% of the Premises is located within the CRPZ. Consequently, Coast may relocate its entire business, may operate from two locations or may reduce operations and continue operating solely from the areas outside the CRPZ. This decision will become clearer as the replacement site search continues. Time will be needed to identify and procure a relocation site, prepare the new site for operation, relocate from the Premises and return the Premises to its original condition, in an effort to minimize the potential impact on the City's streets if the area is cleared immediately without a relocation site for the recreational vehicles.

Lease No. 23269 terminated in mid-September 2008 and Coast remains on the Premises on a month-to-month basis, under a "holdover" provision in the lease, while it continues to search for a relocation site. The Second Amendment to Lease No. 23269 has been negotiated and contains the following major terms and provisions:

- Landlord: City of Long Beach;
- Tenant: John Miller, d.b.a. Coast Storage Company;
- Premises: Approximately 5.8 acres of City-owned property at 3919 and 3920 Pixie Avenue in the City of Lakewood, California;
- Term: The term of the Lease shall be extended for an approximate 3-year period and shall

terminate on September 30, 2011;

- Rent: Effective and retroactive to October 1, 2008, 'the current monthly ground rent shall increase annually by four percent. The monthly base rent shall be \$10,530 effective October 1, 2008, \$10,951 effective October 1, 2009, and \$11,389 effective October 1,2010.
- Tenant Termination and Amendment Option: Tenant may terminate the Lease by providing 60-day prior written notification to the Landlord. In lieu of terminating the lease and in an effort to clear the portion of the Premises located within the CRPZ, Tenant may request to amend the Lease to reduce the Premises.
- Landlord Termination and Amendment Option: Landlord may terminate the Lease, if directed by the FAA, by providing 60-day prior written notification to the Tenant, or such longer period of time as allowed by the FAA, in an effort to clear the portion of the Premises located within the" CRPZ.

All other terms and provisions of the Lease shall remain unchanged. This Lease shall be subordinate to the provisions and requirements of any existing or future federal agreement relative to the development, operation or maintenance of the Airport. This letter was reviewed by Deputy City Attorney Richard F. Anthony on October 16, 2008, and Budget Management Officer Victoria Bell on October 21,2008.

City Council action is requested on December 2, 2008, in order to formalize the Second Amendment with Coast Storage Company.

Revenue for FY09 is estimated at \$126,360 for the Airport Enterprise Fund (EF 320) at the Long Beach Airport (AP). If the tenant terminates the lease or reduces the area of the leased premises, revenues will be reduced accordingly. There is no impact to the General Fund.

Approve recommendation.

Chris Kunze
Acting Director, Long Beach Airport

NAME
TITLE

APPROVED:

PATRICK H. WEST
CITY MANAGER