



Legislation Text

File #: 18-0227, **Version:** 1

Recommendation to authorize City Manager, or designee, to execute all documents necessary for a Sublease to Lease No. 19331 between LGB CA Holdings, LLC, a Delaware limited liability company (dba Ross Aviation), and the City of Long Beach, for office space at 3250 Airflite Way, to house the Operations and Noise Compliance Divisions of the Airport Department; and

Increase appropriations in the Airport Fund (EF 320) in the Airport Department (AP) by \$30,372. (District 5)

On January 20, 1987, the City Council authorized the execution of Lease No. 19331 with Airflite, predecessor-in-interest to Ross Aviation, for the development of approximately 12 acres of land at the Long Beach Airport (Airport). Ross Aviation provides fixed base operator (FBO) services for general aviation, including the leasing of office space, meeting facilities, aircraft hangars, aircraft tie-downs, and the sale of fuel for based and transient aircraft.

Space for Airport staff in the Historic Airport Terminal (Terminal) is limited. Despite the physical constraints, Airport staff operates onsite with much of its office space located in the Terminal, while also providing office space for its commercial airline partners. For many years, Airport staff have been housed on the third and fourth floors of the Terminal; however, there is only one common restroom, no breakroom space, and the area is only accessible by stairs, which does not meet current accessibility standards due to the age of the Terminal. In 2017, the Airport's Security, Engineering and Accounting Divisions were relocated from the Terminal to 4401 Donald Douglas Drive, leaving only the Operations and Noise Divisions (Ops and Noise) remaining on the third floor.

With the assistance of CRESSA, one of the City's on-call broker services provider, a search for office space for the relocation of Ops and Noise was commenced in and around the Airport. The duties and responsibilities of these two critical teams require prompt and efficient access to the airfield. Direct airfield visibility is also highly beneficial to support Airport operations. Office space with both direct airfield access and visibility was available at Ross Aviation. Negotiations through our respective brokers provided for a competitive sublease containing the following major terms and provisions:

- Master Lessor: City of Long Beach, a municipal corporation.
- Master Tenant: LGB CA Holdings, LLC, a Delaware limited liability corporation, doing business as Ross Aviation.

- Sublessee: City of Long Beach, a municipal corporation.
- Subleased Premises: A portion of the second floor consisting of approximately 2,736 square feet (SF) located at 3250 Airflite Way.
- Sublease Term: The sublease shall commence upon the completion of the necessary improvements for occupancy of the Subleased Premises and shall continue for a 63-month period. The commencement date is anticipated to be April 1, 2018.
- Base Rent: The initial monthly base rent shall be \$1.85 per square-foot or \$5,062 per month. The base rent shall increase annually based on the percentage change in the Consumer Price Index; however, the increase shall be no less than 2 percent nor greater than 5 percent.
- Utilities: The monthly base rent shall be inclusive of the costs for utilities and janitorial services including heating, ventilation, air-conditioning, electricity, and water service.
- Tenant Improvements: Ross Aviation shall provide the City with a Tenant Improvement (TI) allowance of \$10,000, which may be used for any work required by City in the Subleased Premises, including telecom cabling, furniture and moving expenses.
- Parking: The City shall have the right to use up to 15 parking spaces for employees at no charge. The City shall also be allowed to park two airfield operations vehicles on the land-side and three airfield operations vehicles on the air-side at no charge.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on February 8, 2018 and by Revenue Management Officer Geraldine Alejo on February 9, 2018.

City Council action is requested on March 6, 2018, to execute the Sublease in a timely manner to commence improvements to the Subleased Premises.

The initial annual base rent costs shall be \$60,740, and shall increase annually by a minimum of 2 percent with a maximum of 5 percent. The estimated base rent cost for the remainder of FY 18 is \$30,372 for which an appropriation increase is requested in the Airport Fund (EF 320) in the Airport Department (AP), offset by funds available. If needed, funding for subsequent years' expense increases and one-time expenses will be included as part of the annual budget process. There is no local job impact associated with this recommendation.

Approve recommendation.

JESS L. ROMO, A.A.E.
DIRECTOR, LONG BEACH AIRPORT

APPROVED:

PATRICK H. WEST
CITY MANAGER