



Legislation Text

File #: 05-2629, **Version:** 1

Recommendation to authorize City Manager to execute a Sublease to Lease No. 23972 between Long Beach Million Air, Inc. and City of Long Beach for office space at 4135 Donald Douglas Drive for the Community Airport Information and Noise Abatement Center. (District 5)

On January 31, 1995, the City Council approved Lease No. 23972 with Long Beach Million Air, Inc. (Million Air) for approximately 16.171 acres of land including office space, general aviation aircraft hangars, aircraft tiedowns and public automobile parking areas located at 4135-4235 Donald Douglas Drive, adjacent to the Airport Terminal building. On July 9, 2002, the City Council approved the First Amendment extending the lease term to May 1, 2010 and providing for additional tenant improvements needed to support the operational requirements of the leasehold activities (see Exhibit "A"). Long Beach Airport Public Affairs staff currently provides services and information to the community and pilots from offices located on the third floor of the Airport Terminal building (Terminal). An Airport Community Information and Noise Abatement Center (Airport Center) is being created to provide enhanced airport, safety, and noise abatement information to the community, passengers and pilots. Due to the historical nature of the Terminal, elevator service is not available to the third floor and public accessibility would be problematic for the Airport Center. Additionally, there is no alternative space available in the Terminal that would provide full public and Airport user accessibility. In an effort to provide accessibility to the Airport Center, available office space (Site) has been identified at the City-owned property leased to Million Air at 4135 Donald Douglas Drive (see Exhibit "B"). The Site, measuring approximately 1,800 square feet, is located on the ground level and is situated approximately 100 feet from the Terminal. Additionally, the Site provides easier Airport access for general aviation pilots and is the only office space currently available within close proximity to the Terminal. A proposed sublease with Million Air for the Site would contain the following major terms and provisions:

Master Lessor: City of Long Beach

Sublessor: Long Beach Million Air, Inc.

Sublessee: City of Long Beach
Sublease Premises: Approximately 1,800 rentable square feet of office space located at 4135 Donald Douglas Drive.

Sublease Term: Three-year term commencing May 1, 2005.

Option to Extend: One two-year option to extend.

Base Rent: The City pays monthly base rent as follows:

Year 1 \$3,330 per month (\$1.85 per square foot);

Year 2 \$3,420 per month (\$1.90 per square foot);

Year 3 \$3,510 per month (\$1.95 per square foot).

Additional Rent: Under the Master Lease between the City as lessor and Million Air as lessee, Million Air is required to pay the City three percent of gross revenues, in addition to monthly base rent. The proposed Sublease will include a three percent "Additional Rent" payment by the City as follows:

Year 1 \$99.90 per month (3% of \$3,330);

Year 2 \$102.60 per month (3% of \$3,420);

Year 3 \$105.30 per month (3% of \$3,510).

This additional rent cost is off-set by revenue received by the City under the Master Lease Agreement. Thus, the net cost to the City is equal to the base rent. Operating Expenses: Million Air shall be responsible for all expenses relating to utilities and janitorial services , repairs and replacements to the roof, foundations exterior walls, and mechanical , electrical and plumbing systems.

Tenant Improvements: The interior of the office space remains unfinished pending occupancy. The City shall be responsible for all tenant improvements within the office space needed for Airport Center use. Tenant improvement costs have been estimated at \$75,000. Parking : Million Air shall provide customer parking at no additional cost to the City. This letter was reviewed by Deputy City Attorney Everett Glenn on March 31 2005 and Budget Management Officer David Wodynski on April 6, 2005.

City Council action is requested on April 19 , 2005 , in an effort to meet an anticipated May 1 , 2005 Sublease commencement date.

Sufficient funding for the Tenant Improvements and annual rent is budgeted in the Airport Enterprise Fund (EF 320) in the Department of Public Works (PW). There is no impact on the General Fund.

Approve recommendation.

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