



Legislation Text

File #: 18-0918, **Version:** 1

Recommendation to authorize City Manager, or designee, to execute all documents necessary, including any as-needed contracts, for the relinquishment of the City of Long Beach's Right of First Refusal, termination of use covenants, and termination of access easements pertaining to real property located at 2400 East Wardlow Road and 2401 East Wardlow Road (APN's 7149-003-017, 7149-003-018, 7149-006-053, 7149-008-004, 7149-008-007, 7149-008-012, 7149-008-015, and 7149-008-016). (District 5)

On December 10, 1981, the City of Long Beach (City) and the Board of Water Commissioners of the City authorized Real Estate Sales Agreement No. 15651 (Agreement). The subject Agreement was for the sale of real property located at 2400 East Wardlow Road and 2401 East Wardlow Road (Subject Property) to McDonnell Douglas Corporation (MDC) for aircraft manufacturing. The sale included provisions for the reservation of aviation easements, water rights, oil, gas, and minerals. It also included covenants limiting the use of the Subject Property for aircraft manufacturing and related uses. Additionally, a provision for the City's Right of First Refusal was included in the sale. This provision provided the City the opportunity to purchase the Subject Property for the same price as a bona fide third party's offer.

In 1985, the Department of Defense (DOD) awarded MDC a full-scale development contract for the production of large military transport aircraft (C-17). In 1997, MDC merged with The Boeing Company (Boeing). In 2015, Boeing ended C-17 production and initiated the closure of the plant at the Subject Property, situated on approximately 90 acres.

On September 10, 2018, Boeing notified the City of its intent to dispose of the Subject Property. To facilitate the sale and economic development of the Subject Property, staff recommends the relinquishment of the City's Right of First Refusal and termination of use covenants regarding the use of Subject Property for aircraft manufacturing under the provisions of the Agreement and various grant deeds recorded in connection therewith.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on October 3, 2018 and by Budget Analysis Officer Julissa Jose-Murray on October 1, 2018.

City Council action is requested on October 9, 2018, to allow the City to immediately enter into as-needed contracts to relinquish restrictions affecting the Subject Property.

Approval of this recommendation will have no fiscal impact. The property is privately held and the City does not have any liabilities related to a private sale.

Approve recommendation.

JOHN KEISLER
DIRECTOR OF ECONOMIC DEVELOPMENT

APPROVED:

PATRICK H. WEST
CITY MANAGER