



## Legislation Text

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**File #:** 20-0977, **Version:** 1

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Recommendation to authorize City Manager, or designee, to execute any and all documents necessary for the Fourth Amendment to Lease No. 24271 with Flight Safety International, LLC, a New York corporation, for City-owned property at 4330 East Donald Douglas Drive. (District 5)

On October 31, 1995, the City Council authorized the execution of Ground Lease No. 24271 with Flight Safety International (Flight Safety), for City-owned property at 4330 East Donald Douglas Drive (Leased Premises) at the Long Beach Airport (Airport). From this location, Flight Safety provides advanced flight simulator training to commercial pilots, with a focus on Gulfstream GIV, G450, G550, and G650, as well as Cessna Citation II and V, and Beechcraft King Air 200 aircraft. Flight Safety also provides maintenance training for all in-production Gulfstream aircraft in partnership with Gulfstream under their Total Technical Training Program.

The current Ground Lease is set to expire on October 31, 2020. However, Flight Safety is afforded two remaining five-year extension options in the Ground Lease for a potential termination date of October 31, 2030. Concurrent with each five-year option, the rent is to be adjusted to fair market with a maximum increase of 25 percent over the current rental amount. Given recent appraisals of similar properties at the Airport, the rental adjustment will reflect the maximum increase provided for under the terms of the Ground Lease.

The Leased Premises currently measure 1.88 acres. An approximate 0.14 acres of an adjacent parking area is currently utilized by Flight Safety under an Airport Commercial Use Permit on a month-to-month basis. This parking area was created during the construction of Parking Structure B and the southerly extension of Donald Douglas Drive to Lakewood Boulevard. This parking area also serves as access to Flight Safety's parking lot behind its facility. The Airport is seeking to incorporate this parking area into the Leased Premises and terminate the Commercial Use Permit to streamline agreements and lease management related to the Flight Safety leasehold. Flight Safety is amenable to this revision.

The proposed Fourth Amendment to Ground Lease No. 24271 contains the following major terms and provisions:

- Landlord: City of Long Beach, a municipal corporation.
- Tenant: Flight Safety International, LLC, a New York corporation.
- Leased Premises: Effective November 1, 2020, the Leased Premises will be modified

to include an adjacent parking area, including all improvements in their “as-is” condition with no warranties, guarantees or assurances. As a result, the Leased Premises will increase from 1.88 acres to 2.02 acres (see Attachment).

- Term: The term of the Ground Lease will be extended through October 31, 2025. Tenant has one additional five-year option to further extend the term through October 31, 2030.
- Rent: Effective November 1, 2020, the rent for the Leased Premises will increase from \$9,760 to \$13,100 per month or \$157,200 annually. The rent will be further adjusted in accordance with the terms of the Ground Lease.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on September 14, 2020 and by Budget Analysis Officer Julissa José-Murray on September 15, 2020.

City Council action is requested on October 6, 2020, to execute the Fourth Amendment in a timely manner.

The requested amendment will extend the term of the Lease for an additional five years and adjust the ground lease by 25 percent, consistent with the terms of the lease agreement. Annual revenues from the amended lease agreement will increase by \$40,080 for a total of \$157,200. Revenue will accrue in the Airport Fund Group in the Airport Department. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

Approve recommendation.

[Enter Body Here]

CYNTHIA GUIDRY  
DIRECTOR, LONG BEACH AIRPORT

APPROVED:

THOMAS B. MODICA  
CITY MANAGER