



CITY OF LONG BEACH

LONG BEACH AIRPORT

C-14

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November 8, 2011

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute an agreement between the Long Beach Airport and the Boeing Company for the use of Boeing's Lot D as overflow airport parking on an as-needed basis. Increase appropriations in the Airport Enterprise Fund (EF 320) in the Airport Department (AP) by \$112,000. (District 5)

DISCUSSION

Beginning in the year 2000, the Long Beach Airport (Airport) started experiencing a parking shortage for passengers and tenants. As an interim solution, the Airport leased Lot D from the Boeing Company (Boeing) in 2002 for use as long term remote parking. This lot resolved the parking shortage, but was not a permanent solution, as Boeing was clear in its intention to sell or develop the property in the future. Subsequently, the Airport built another on-site parking structure, sized to handle daily needs.

The new parking structure, completed in July 2011, was designed to accommodate the regular parking needs of the Airport, assuring that the garage will meet debt service requirements. Most Airports in the U.S. have access to remote overflow parking facilities that are only activated on an as-needed basis. In response to holiday demands, the Airport has negotiated an agreement with Boeing to continue using Lot D on an as-needed daily basis, at a rental rate of \$570 per day. In anticipation of the sale or development of Lot D by Boeing, the Airport will work with Long Beach City College to reinstitute an agreement for the use of Veterans Stadium for peak overflow parking.

It is estimated that Lot D would potentially be activated for a maximum of 41 days per year. This represents 10 days during the Thanksgiving holiday period, 21 days over the Christmas and New Year holidays, and 10 additional days during the period of the agreement. Assuming 70 percent occupancy of the estimated 500 parking spaces over these 41 days, parking revenue will be approximately \$160,000. Expenses for shuttles and gate attendants will total approximately \$64,000, with net revenue sharing to Boeing of approximately \$48,000.

Since this is the first holiday season that the new parking structure will be in use and the first cycle for experiencing holiday demand, the ultimate parking volume for Lot D is unpredictable.

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This matter was reviewed by Deputy City Attorney Richard Anthony on October 11, 2011, and Budget Management Officer Victoria Bell on October 13, 2011.

TIMING CONSIDERATIONS

City Council action on this matter is requested on November 8, 2011, in order to finalize this agreement prior to the peak holiday season.

FISCAL IMPACT

Estimating Lot D usage at 41 days per year, the Airport will accrue approximately \$160,000 in revenue. The expenses are summarized as Lot D daily rent costs of \$24,000, shuttle and attendant costs of \$40,000, and net revenue payments to Boeing of \$48,000.

An appropriation increase in the Airport Enterprise Fund (EF 320) in the Airport Department (AP) by \$112,000 is requested for the associated costs for parking management, lease expense, and revenue sharing agreement. The Airport will continue to provide weed abatement on Lot D and maintenance of parking assets (gates, booths, etc.), utilizing the existing maintenance operations budget. The opening of this lot will create temporary jobs for gate attendants and shuttle drivers during the use dates.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



MARIO RODRIGUEZ
DIRECTOR, LONG BEACH AIRPORT

MR:JS:km
S\CL\CC Boeing Agreement - Lot D.Rev4.docx

APPROVED:



PATRICK H. WEST
CITY MANAGER