



CITY OF LONG BEACH R-20

DEPARTMENT OF PUBLIC WORKS

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August 21, 2012

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute any and all documents necessary for the Second Amendment to Amended and Restated Fixed Base Operation Lease No. 7819 between the City of Long Beach and Fuel Controls, Inc., a California corporation, for City-owned property at 3605 East Spring Street at the Long Beach Airport. (District 5)

DISCUSSION

Since 1971, approximately seven acres of City-owned property at 3605 East Spring Street at the Long Beach Airport has been leased under a forty-year lease for aviation purposes. In 1997, the City Council authorized the execution of Amended and Restated Fixed Base Operation Lease No. 7819 (Lease) with Fuel Controls, Inc. (Fuel Controls), to expand the leased premises and amend certain financial terms. In 2000, the City Council authorized the execution of the First Amendment, which extended the term of the Lease through October 31, 2020.

Since 1990, Fuel Controls has subleased a majority portion of the leased premises to the Federal Express Corporation (FedEx), a worldwide cargo/freight operator. FedEx is one of two cargo/freight operators at the Long Beach Airport from that services the FedEx distribution center in Signal Hill, California. FedEx would like to maintain its presence at the Long Beach Airport for at least 10 more years; however, its current sublease with Fuel Controls will terminate on August 31, 2018, and the Lease with Fuel Controls will terminate on October 31, 2020.

In an effort to maintain FedEx's long-term presence at the Long Beach Airport, staff recommends an amendment to the Lease to extend the term so that Fuel Controls can, in turn, extend the term of the FedEx sublease. The proposed Second Amendment to Amended and Restated Fixed Base Operation Lease No. 7819 will include the following major terms and conditions:

- Landlord: City of Long Beach.
- Tenant: Fuel Controls, Inc., a California corporation.
- Premises: The leased premises consist of approximately 7.482 acres of land located at 3605 East Spring Street, at the Long Beach Airport.

- Term: The term of the Lease shall be extended for an additional period of 2 years and 10 months and shall terminate on August 31, 2023.
- Adjusted Base Rent: In addition to other periodic fair market rent adjustments provided for in the Lease, the monthly base rent shall also be adjusted on July 1, 2021, in accordance with adjustment procedures described in the Lease.

All other terms, covenants and conditions in the Lease shall remain in full force and effect.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on July 19, 2012 and Budget Management Officer Victoria Bell on July 30, 2012.

TIMING CONSIDERATIONS

City Council action is requested on August 21, 2012, in order to execute the Second Amendment in a timely fashion.

FISCAL IMPACT

Annual rental revenue of approximately \$157,533 from the Lease and annual Airport fees of approximately \$223,832 from FedEx for its operations on the airfield shall continue to accrue in the Airport Fund (EF 320) in the Airport Department (AP). There is no impact to the General Fund and no known local job impact associated with this recommendation.

SUGGESTED ACTION

Approve recommendation.

Respectfully submitted,


MICHAEL P. CONWAY
DIRECTOR
DEPARTMENT OF PUBLIC WORKS


MARIO RODRIGUEZ
DIRECTOR
LONG BEACH AIRPORT

MPC:MR:JMLR:rgm
08.21.12 Fuel Controls 2nd Amend v1

APPROVED:


PATRICK H. WEST
CITY MANAGER