

# CITY OF LONG BEACH

# C-6

OFFICE OF THE CITY MANAGER

333 WEST OCEAN BOULEVARD • LONG BEACH, CA 90802 • (562) 570-6711 • Fax (562) 570-6853

October 14, 2014

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

## RECOMMENDATION:

Authorize the City Manager to execute all documents necessary for the Seventh Amendment to Fixed Base Operation Lease No. 21569 between the City of Long Beach and Gulfstream Aerospace Corporation, a California corporation, for City-owned property at 4150 Donald Douglas Drive at the Long Beach Airport. (District 5)

## DISCUSSION

On December 22, 1987, the City Council authorized the execution of Fixed Base Operation Lease No. 21569 (Lease) with Gulfstream Aerospace Corporation (Gulfstream), successor in interest to 7701 Woodley Avenue Corporation, for City-owned property at 4150 Donald Douglas Drive at the Long Beach Airport. From this location, Gulfstream operates the only Gulfstream Service Center on the western coast of the United States, providing manufacturing and maintenance service and repairs to the growing number of Gulfstream jet aircraft in operation. Annually, Gulfstream services over 600 aircraft.

The current term of the Lease will expire on March 23, 2018. However, as per the Lease, Gulfstream is afforded two five-year extension options for a potential Lease termination date of March 23, 2028. The leased premises currently measure approximately 15.773 acres and are located just south of the terminal building and passenger concourse of the Long Beach Airport (see Attachment).

For security purposes, the Gulfstream leasehold is surrounded by a fence with gated access from Donald Douglas Drive. An approximate 13,000 square foot (SF) rectangular area of the leasehold is located outside the fence adjacent to Donald Douglas Drive and is used for sidewalk and landscaping purposes (Sidewalk Parcel). Since this excess area is not used by Gulfstream for operational purposes, the City would like to reclaim this area to improve pedestrian access and for future improvements to the traffic lanes on Donald Douglas Drive. Gulfstream is amenable to the City's request.

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The recently completed passenger concourse project included the realignment of the airfield's perimeter road south of the passenger concourse. This created an additional 45,700 SF paved surplus parcel (Surplus Parcel) between the perimeter road and the western boundary of the Gulfstream leasehold. Gulfstream currently uses the Surplus Parcel under an Airport Commercial Use Permit on a month-to-month basis. The Surplus Parcel serves to augment Gulfstream's aircraft parking area. Gulfstream would like to incorporate the Surplus Parcel into its larger leasehold to ensure sufficient uninterrupted ramp space for aircraft parking. City staff is amenable to Gulfstream's request.

The proposed Seventh Amendment to Fixed Base Operation Lease No. 21569 has been negotiated containing the following major terms and provisions:

- Landlord: City of Long Beach, a municipal corporation
- Tenant: Gulfstream Aerospace Corporation, a California corporation
- Leased Premises: The Leased Premises shall be modified to remove the Sidewalk Parcel from the northern boundary of the Gulfstream leasehold and add the Surplus Parcel to the western boundary of the Gulfstream leasehold. As a result, the Leased Premises shall increase from 15.773 acres to 16.513 acres.
- Rent: Effective November 1, 2014, the rent shall increase from \$45,800 to \$47,773 per month or \$573,276 annually. The rent shall continue to adjust every five years as per the terms of the Lease. The next adjustment date is effective March 2018.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on September 10, 2014 and by Budget Management Officer Victoria Bell on September 17, 2014.

TIMING CONSIDERATIONS

City Council action on this matter is requested on October 14, 2014, in order to execute the Seventh Amendment in a timely manner to allow Gulfstream secured long-term use of the Surplus Parcel for aircraft parking purposes.

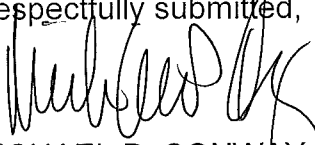
FISCAL IMPACT

Annual revenues will increase by \$23,676 for a total of \$573,276 in rent revenue. Revenue will accrue in the Airport Fund (EF 320) in the Airport Department (AP). Approval of this recommendation will provide continued support to the local economy.

SUGGESTED ACTION:

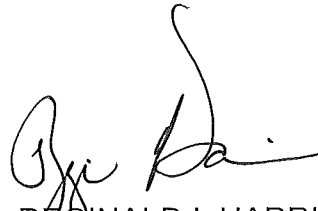
Approve recommendation.

Respectfully submitted,



MICHAEL P. CONWAY  
DIRECTOR OF ECONOMIC  
AND PROPERTY DEVELOPMENT

MPC:RIH:JMLR  
Attachment



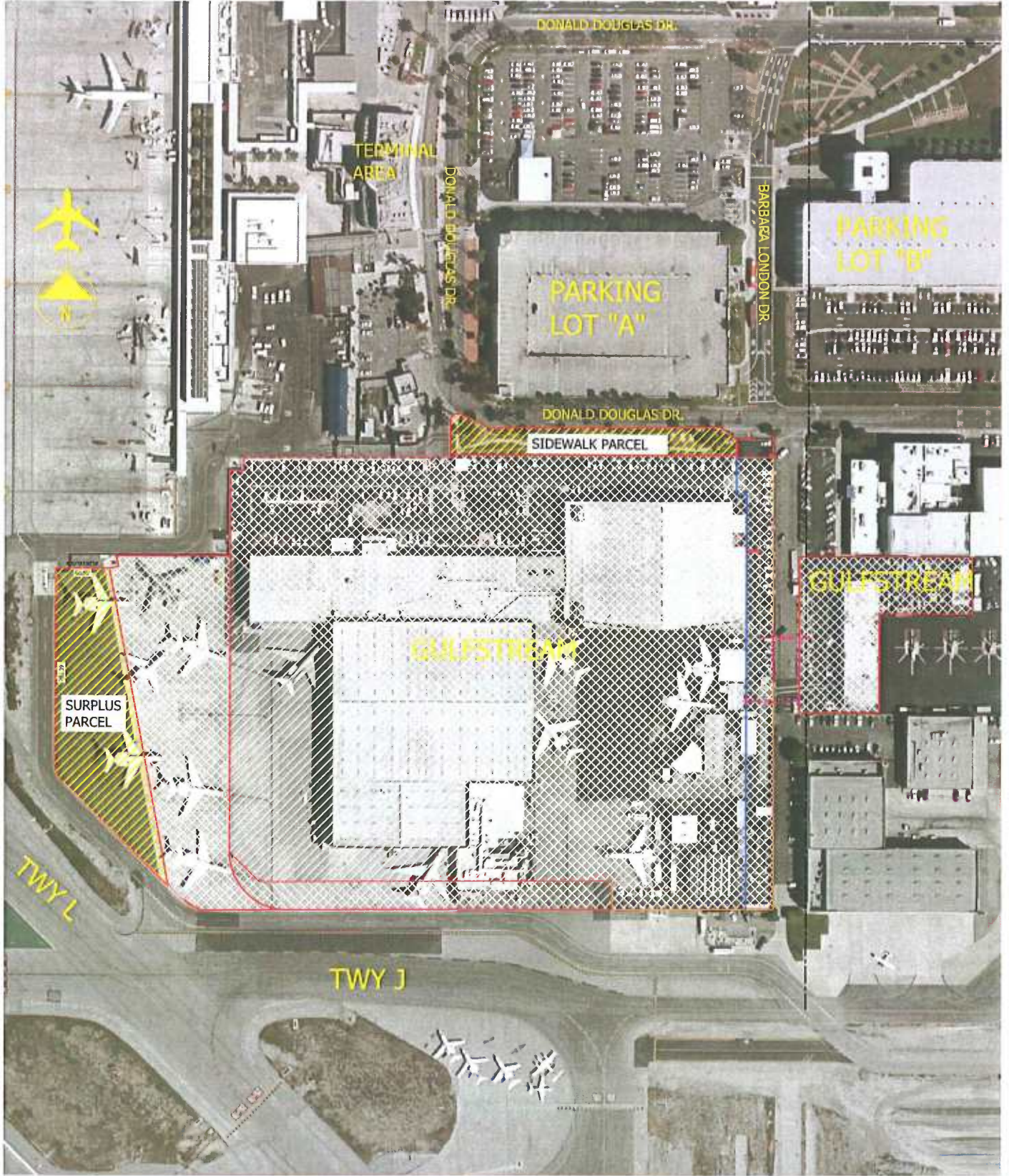
REGINALD I. HARRISON  
ACTING DIRECTOR  
LONG BEACH AIRPORT

APPROVED:



PATRICK H. WEST  
CITY MANAGER

# ATTACHMENT



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## Gulfstream Seventh Amendment

SCALE: <u>NTS</u>	SHEET No. <u>1</u> OF <u>1</u>
DATE: <u>09-08-14</u>	DRAWING NUMBER
DRAWN BY: <u>H.F.M.</u>	
CHECKED BY:	