



CITY OF LONG BEACH

LONG BEACH AIRPORT

R-33

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June 15, 2010

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute all documents necessary for the Fifth Amendment to Fixed Base Operation Lease No. 21569 between the City of Long Beach and Gulfstream Aerospace Corporation, a California corporation, to increase the leased premises of 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 global number of Gulfstream jet aircraft in operation. Annually, Gulfstream services over 600 aircraft.

The initial term of the Lease will expire March 23, 2012. However, as per the Lease, Gulfstream is afforded one six-year and two five-year extension options for a potential Lease termination date of March 23, 2028. Amended since 1987, the leased premises currently measure approximately 14.079 acres and are located just south of the terminal building of the Long Beach Airport (see attachment).

For the past few years, Gulfstream has utilized an additional 1.694-acre area (Westerly Tarmac) adjacent to the leased premises for use as additional aircraft parking, under an Airport Commercial Use Permit, on a month-to-month basis. With an increase in the global number of Gulfstream jet aircraft in service, the on-going need for the Westerly Tarmac has become critical to its operations to insure sufficient uninterrupted ramp space for aircraft parking. Gulfstream has requested to amend its Lease to add the Westerly Tarmac to its leased premises. The size, shape and location of the Westerly Tarmac provides for a number of challenges for development and thus it is most suitable for use by either Gulfstream or the Airport. The Airport is amenable to Gulfstream's continued long-term use of the Westerly Tarmac.

In an effort to accommodate Gulfstream's request, a proposed Fifth Amendment to Fixed Base Operation Lease No. 21569 has been negotiated containing the following major terms and provisions:

- Leased Premises: The Leased Premises shall be increased with the addition of the Westerly Tarmac consisting of approximately 1.694 acres. With the addition of the Westerly Tarmac, the total Leased Premises shall be approximately 15.773 acres.
- Rent: The base rent for the Westerly Tarmac area shall be \$3,293 per month based on the Fair Market Value (FMV) reappraisal rent adjustment for the Leased Premises for the period of March 2008 – March 2013. Gulfstream has agreed to pay this amount retroactive to March 19, 2009.

All remaining terms and provisions of the Lease shall remain in full force and effect. The Lease provides for future FMV rent adjustments at five-year intervals. The next rent adjustment is scheduled for March 2013.

This letter was reviewed by Deputy City Attorney Richard F. Anthony on May 6, 2010, and Budget Management Officer Victoria Bell on May 17, 2010.

TIMING CONSIDERATIONS

City Council action is requested on June 15, 2010, in order to execute the Fifth Amendment in a timely fashion.

FISCAL IMPACT

Annual Lease rental payments shall increase an additional \$39,516 for a total of \$579,040 and shall continue to accrue to the Airport Enterprise Fund (EF 320) at the Airport Department (AP). There is no impact to local jobs.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,


MARIO RODRIGUEZ
DIRECTOR, LONG BEACH AIRPORT

MR:JMLR
06.15.10.Gulfstream.CC.ltr.doc

Attachment

APPROVED:


PATRICK H. WEST
CITY MANAGER

ATTACHMENT

