

CITY OF LONG BEACH

R-21

DEPARTMENT OF PUBLIC WORKS

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May 21, 2013

RECOMMENDATION:

Authorize the City Manager to execute the First Amendment to Lease No. 22055 with The Boeing Company, a Delaware corporation, successor by merger with McDonnell Douglas Corporation, a Maryland corporation, for City-owned property at 3521 East Spring Street at the Long Beach Airport. (District 5)

DISCUSSION

On May 14, 1991, the City Council authorized the execution of Lease No. 22055 (Lease) between the City of Long Beach and the McDonnell Douglas Corporation, predecessor-in-interest to The Boeing Company (Boeing), for approximately 6.04 acres of City-owned property at 3521 East Spring Street for the C-17 aircraft-manufacturing program (C-17 Program). The Lease provides for an initial 22-year term with four additional five-year options to further extend the term of the Lease.

The initial term of the Lease will expire on June 21, 2013. Under the provisions of the Lease, Boeing may exercise its first of four options by providing written notification at least 90-days prior to the end of the initial term. In discussions with City staff, Boeing would like to exercise its first five-year option and extend the term of the Lease through 2018, but would also like to have the flexibility to terminate the Lease as may be necessary given the uncertainty of the C-17 Program.

In an effort to accommodate Boeing's needs, a First Amendment to Lease No. 22055 has been negotiated containing the following major terms:

- Landlord: City of Long Beach.
- Tenant: The Boeing Company
- Term: Boeing shall exercise its first five-year option and the term of the Lease shall be extended until June 30, 2018. Boeing shall have three remaining five-year options to further extend the term of the Lease. The notification time required to exercise each extension option shall be increased to 180 days.
- Tenant Termination Right: Tenant shall have the right, at any time during the term of the Lease, at its discretion, to terminate the Lease by providing at least 270-days (nine months) advance written notification to the Landlord.

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The First Amendment shall also provide for updates to the Lease provisions for Indemnification, Removal and Restoration, and Notification. All other remaining terms and provisions of Lease No. 22055 shall remain in full force and effect.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on April 17, 2013 and Budget Management Officer Victoria Bell on May 6, 2013.

TIMING CONSIDERATIONS

City Council action is requested on May 21, 2013, in order to execute the First Amendment and formalize Boeing's continued occupancy of the leased premises.


FISCAL IMPACT

The proposed First Amendment does not modify any terms or provisions related to the rent structure. Monthly base rent payments of \$18,333 shall continue to accrue to the Airport Enterprise Fund (EF 320) in the Airport Department (AP). There is no fiscal impact to the General Fund. Approval of this recommendation will provide continued support to the local economy.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



ARA MALOYAN, PE
ACTING DIRECTOR OF
PUBLIC WORKS



MARIO RODRIGUEZ
DIRECTOR OF
LONG BEACH AIRPORT

AM:MR:JMLR
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APPROVED:



PATRICK H. WEST
CITY MANAGER