

October 6, 2020

**C-20**

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

**RECOMMENDATION:**

Authorize the City Manager, or designee, to execute the First Amendments to Long Beach Airport Commercial Use Permit Numbers 1950 and 1958 with Million Air North, Inc., a California corporation, for City-owned property at 4137 East Donald Douglas Drive. (District 5)

**DISCUSSION**

On March 17, 2020, the City Council took several actions to address the impacts of the COVID-19 pandemic on the Long Beach community. This included a moratorium on evictions, a deferment of monthly rent, and provided for a subsequent rent repayment period for both residential and commercial renters. As the adverse effects of the pandemic continue to bear upon the community, these mitigating actions continue to evolve. On May 19, 2020, the City Council authorized an extension to the moratorium, but exempted the Long Beach Airport (Airport) so that staff could work with tenants on a case-by-case basis to address COVID-related impacts and negotiate rent deferments or other accommodations in accordance with Federal Aviation Administration (FAA) grant assurances and other applicable aviation regulations. Consequently, the Airport and its partners have held several discussions on various City and State initiatives that provide numerous ways to assist the community with the ongoing economic and health challenges due to the pandemic.

Through these discussions, the Airport has implemented a tenant assistance program (Program), designed to help its tenants sustain their business operations during the current economic crises. The Program provides Airport tenants the option to participate in a short-term rent deferral, which may also include the deferral of any scheduled 2020 rent adjustments and capital improvements as prescribed under their respective leases. Tenants may choose from the following options for deferrals:

- Deferral of three months of full rent to be repaid in equal installments over the subsequent six-month period; or
- Deferral of 50 percent of rent for a six-month period to be repaid in equal installments over the subsequent six-month period.

Million Air North, Inc. (MANI), has been a tenant at the Airport since 1995, and currently operates under Airport Commercial Use Permits (CUPs) on a month-to-month basis. These CUPs are for the use of the valet operations area (Valet) and for the use of the adjacent aircraft

hangars and tie-down area (Hangars). Airport CUPs are month-to-month agreements executed under the authority of the Airport Director for the use of Airport land and are customarily used in connection with our commercial passenger service operations. These agreements also allow the Airport to mobilize quickly for the short-term use of Airport land for Airport purposes. This item has been brought before the City Council for authorization of Amendments to extend the terms of the CUPs for a one-year period through August 31, 2021, to provide for a set lease term for the Tenant's participation in the Program. Thereafter, the CUPs will continue on a month-to-month basis.

MANI recently notified the Airport of its interest to participate in the Program. The proposed First Amendments to Airport CUP Nos. 1950 and 1958 contain the following major terms and provisions:

- Landlord: City of Long Beach, a municipal corporation.
- Tenant: Million Air North, Inc., a California corporation.
- Leased Premises: Approximately 417,941 square feet of space for Hangars under CUP No. 1950 and approximately 86,995 square feet of space for Valet under CUP No. 1958 at 4137 East Donald Douglas Drive.
- Term: The terms of Airport CUP Nos. 1950 and 1958 will be extended through August 31, 2021.
- Rent Deferral: Effective September 1, 2020, 50 percent of the monthly rental rate of \$17,736 (CUP No. 1950 Monthly Base Rent) will be deferred for the six-month period of September 2020 through February 2021. The monthly deferred amount of \$8,868 provides for a total deferred rental amount of \$53,208 (CUP No. 1950 Deferred Rent).

Effective September 1, 2020, 50 percent of the monthly rental rate of \$5,999 (CUP No. 1958 Monthly Base Rent) will be deferred for the six-month period of September 2020 through February 2021. The monthly deferred amount of \$3,000 provides for a total deferred rental amount of \$17,998 (CUP No. 1958 Deferred Rent).

- Deferral Payment as Additional Rent Payment: Effective March 1, 2021, CUP No. 1950 Deferred Rent will be repaid in equal installments of \$8,868 over the six-month period of March-August 2021. Effective March 1, 2021, the total monthly base rent due under CUP No. 1950 will be \$26,604.

Effective March 1, 2021, CUP No. 1958 Deferred Rent will be repaid in equal installments of \$3,000 over the six-month period of March-August 2021. Effective March 1, 2021, the total monthly rent base due under CUP No. 1958 will be \$8,999.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on September 14, 2020 and by Budget Analysis Officer Julissa José-Murray on September 15, 2020.

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### TIMING CONSIDERATIONS

City Council action is requested on October 6, 2020, to execute the First Amendments to CUP Nos. 1950 and 1958 in an expeditious manner.

### FISCAL IMPACT

The recommended action will authorize First Amendments to CUP Nos. 1950 and 1958 with Million Air North, Inc., at the Long Beach Airport. Annual revenues of \$212,834 from CUP No. 1950 and \$71,993 for CUP No. 1958 will remain unchanged as rent deferrals will occur between September 2020 and February 2021 and are expected to be repaid during Fiscal Year 2021. There is a cashflow impact of \$71,206 to the Airport Fund as these revenues are deferred for six months and received six months later. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. This recommendation will help retain nine employees at Million Air North, Inc.

### SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



CYNTHIA GUIDRY  
DIRECTOR, LONG BEACH AIRPORT

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APPROVED:



THOMAS B. MODICA  
CITY MANAGER