



Legislation Text

File #: 22-1363, **Version:** 1

Recommendation to authorize City Manager, or designee, to enter into an agreement with The Boeing Company to make a one-time cash payment of \$2,547,880 to be earmarked for the improvement of the Cherry Avenue and San Diego Freeway (I-405) intersection and \$250,000 for traffic management measures for a total of \$2,797,880, as required by the Douglas Park Development Agreement. (District 5)

On March 22, 2022, the City Council authorized the City Manager to enter into an agreement with The Boeing Company to accept a one-time cash payment in lieu of performing improvements to the Cherry Ave/405 Intersection, condition MM-V.L-17 (Attachment A,) which were required to be completed by The Boeing Company per Exhibit F of the Amended and Restated Development Agreement Number 31625 (Attachment B). The underlying analysis included with this item estimated the project buildout cost would be \$1,900,000 in 2022 to \$2,600,000 in 2030.

The March 22, 2022 authorization did not explicitly include another mitigation requirement that was included by staff in calculating the original contribution amount. Exhibit F contains item number MM-V.L-18 which requires The Boeing Company to make payments in increments of \$250,000 for a total of up to \$500,000 to the City of Long Beach (City) for neighborhood traffic management purposes at different traffic thresholds. The City requested and The Boeing Company has already made the first payment of \$250,000. As indicated in MM-V.L-18, the City has the option to request the second payment of \$250,000 and has made the request to The Boeing Company. The Boeing Company requested that the second payment of \$250,000 be included in the \$2,797,880 one-time cash payment in order to clear and satisfy all of the requirements of mitigation measure MM-V.L-18. City staff agreed to accommodate this request but did not explicitly acknowledge this term of the agreement in the action brought to the City Council on March 22, 2022.

In approving this action, The Boeing Company would thereby pay a total of \$2,797,880 to satisfy the requirements of both mitigation measure MM-V.L-17 (improvements to the Cherry Avenue/405 Intersection) and MM-V.L-18 (the second \$250,000 for traffic mitigation measures). This will complete all required mitigation from The Boeing Company as part of their development.

City Council approval is requested to enter into agreement with The Boeing Company to accept a cash payment of \$2,547,880 in lieu of the Cherry Ave/405 Intersection, improvements as discussed in the March 22, 2022 staff report to the City Council, and to accept a cash payment of \$250,000 for a total of \$2,797,880 to satisfy condition MM-V.L-18.

This matter was reviewed by Deputy City Attorney Erin Weesner-McKinley on October 4, 2022 and by Budget Management Officer Nader Kaamoush on October 28, 2022.

City Council action on this matter is time critical.

This recommendation will allow for Boeing Company to fund \$250,000 of the total \$2,797,800 one-time cash payment for the purpose of traffic management measures for the project. The projected cost of the project buildout in 2030 is estimated to be \$2,600,000, inclusive of design, construction, construction management, labor compliance, project oversight, inspections, and accounting for estimated future escalation of the cost of the improvement due to inflation. While the cash payment of \$2,797,880 from Boeing for these improvements appears to be adequate to fully fund the current estimated improvement costs, it is an estimate based on a conceptual design without complete details considered or all design issues remedied or identified. Staff anticipates upcoming federal funding opportunities to fund additional needed traffic improvements in the area, which can assist in offsetting any future cost increases that are not currently anticipated. The project is budgeted in the Capital Projects Fund Group in the Public Works Department. No appropriation is needed for this request. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. The number of additional local jobs created by this project will not be known until the contractors have completed their hiring and construction has commenced.

Approve recommendation.

ERIC LOPEZ
DIRECTOR OF PUBLIC WORKS

APPROVED:

THOMAS B. MODICA
CITY MANAGER