



RESOLUTION NO. 25823

LAX
LA/Ontario
Van Nuys
City of Los Angeles

BE IT RESOLVED that the Board of Airport Commissioners approved a five (5)-year lease with Societe Air France and building rental rate, for a cargo facility located at 5621 West Imperial Highway at Los Angeles International Airport, as referenced in the Board-adopted staff report attached hereto and made part hereof; and

Eric Garcetti
Mayor

BE IT FURTHER RESOLVED that the Board of Airport Commissioners authorized the Executive Director to execute said Lease upon approval as to form by the City Attorney and upon approval by the Los Angeles City Council; and

Board of Airport Commissioners

Sean O. Burton
President

Valeria C. Velasco
Vice President

Jeffery J. Daar
Gabriel L. Eshaghian
Beatrice C. Hsu
Nolan V. Rollins
Dr. Cynthia A. Telles

BE IT FURTHER RESOLVED that the issuance of permits, leases, agreements, gate and space assignments, and renewals, amendments or extensions thereof, or other entitlements granting use of existing airport facilities or its operations involving negligible or no expansion of use and/or alteration or modification of the facilities or its operations beyond that previously existing or permitted is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Article III Class 1(18)(c) of the Los Angeles City CEQA Guidelines; and

Deborah Flint
Executive Director

BE IT FURTHER RESOLVED that actions taken on this item by the Board of Airport Commissioners will become final pursuant to the provisions of Los Angeles City Charter Section 606.

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I hereby certify that this Resolution No. 25823 is true and correct, as adopted by the Board of Airport Commissioners at its Regular Meeting held on Thursday, November 5, 2015.

Sandra J. Miller – Secretary
BOARD OF AIRPORT COMMISSIONERS





Los Angeles World Airports

Item Number
here **3**

REPORT TO THE

BOARD OF AIRPORT COMMISSIONERS

Ramon Olivares
Approved by: Ramon Olivares, Director, Leasing and Development

Debbie Bowers
Reviewed by: Debbie Bowers, Deputy Executive Director

Timothy J. ...
City Attorney

Deborah Flint
Deborah Flint - Executive Director

Meeting Date:

11/5/2015

CAO Review:	<input type="checkbox"/>	Completed
	<input checked="" type="checkbox"/>	Pending
	<input type="checkbox"/>	N/A

Reviewed for	Date	Approval Status	By
Capital Budget	10/07/15	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	DS
Operating Budget	10/16/15	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	RW
CEQA	10/16/15	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	MV
Procurement	10/16/15	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> Cond	MT
Guest Experience	10/19/2015	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	BY

SUBJECT: Approval of a Lease with Societe Air France at Los Angeles International Airport

Approve a five-year Lease, and associated building rental rate, with Societe Air France for a cargo facility located at 5621 West Imperial Highway at Los Angeles International Airport that will yield approximately \$1,702,150 in the first year and \$8,511,000 over the term of the Lease.

RECOMMENDATIONS:

Management RECOMMENDS that the Board of Airport Commissioners:

1. ADOPT the Staff Report.
2. DETERMINE that this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Article III, Class 1 (18)(c) of the Los Angeles City CEQA Guidelines.
3. APPROVE the five-year Lease and a building rental rate for Societe Air France, as referenced in this report.
4. AUTHORIZE the Executive Director to execute the Lease between the City of Los Angeles and Societe Air France upon approval by the Los Angeles City Council and as to form by the City Attorney.

DISCUSSION:

1. Purpose

Provide for Societe Air France's (Air France) continued cargo operations at Los Angeles International Airport (LAX).

2. Prior Related Actions

- October 2, 1985 — Board Order No. AO-3848 (Lease No. LAA-5010)
The Board of Airport Commissioners (Board) approved a 30-year Lease with Compagnie Nationale Air France for a 147,390 square foot (SF) parcel of land located at 5621 West Imperial Highway at LAX.

3. Current Action

In 1986, as required in its lease, Compagnie Nationale Air France constructed a 50,460 SF cargo warehouse/office building and, in 1990, added 14,000 SF of warehouse space to the building. In 2004, Compagnie Nationale Air France merged with Royal Dutch Airlines and now operates under the name Air France. On December 1, 2015, concurrent with the expiration of their 30-year ground lease, title to the cargo facility improvements will revert to Los Angeles World Airports requiring Air France to pay market rent for the cargo building. The proposed building rental rate of \$18.50 per square foot per year has been agreed to by Air France staff and fairly reflects market rates for comparable facilities (See Rental Rate Comparison Table on page 6).

The table below provides a summary of the proposed terms:

Item	Current Lease	Proposed Lease
TERM:		
Total Lease Period	30-years	5-years
Commencement Date	December 11, 1985	December 2, 2015
Expiration Date	December 1, 2015	November 30, 2020
DEMISED PREMISES:		
Land	147,390	147,390
Paving	0	80,836
Building	0	64,260
RENT ¹:		
Land rate(Cargo Land) ²	\$3.23	\$3.23
Paving rate ³	NA	\$0.38
Building rate	NA	\$18.50
Annual Rent	\$476,064	\$1,702,150
Notes		
1. Rates listed are on a per square foot per year basis, and are rounded.		
2. Land Rate: Land rates are based on Board-approved rates (Resolution No. 25748) and are rounded.		
3. Paving area: As required in the prior lease, Air France constructed the pavement in their leased area and was not charged for paving during the prio lease term. In the proposed Lease, Air France is required to pay the Board-approved paving rate.		

Action Requested

Staff requests the Board approve the five-year Lease and proposed building rent with Air France, and authorize the Executive Director to execute the Lease after approval as to form by the City Attorney and upon approval by the Los Angeles City Council.

Fiscal Impact

Approval of this Lease will generate \$1,702,150 in revenue in the first year and approximately \$8,511,000 over the five-year term.

4. Alternatives Considered

- **Take No Action**

Taking no action is not recommended. Approval of the proposed Lease will enable Air France to continue their cargo operations at LAX.

STANDARD PROVISIONS:

1. The issuance of permits, leases, agreements, gate and space assignments, and renewals, amendments or extensions thereof, or other entitlements granting use of existing airport facilities or its operations involving negligible or no expansion of use and/or alteration or modification of the facilities or its operations beyond that previously existing or permitted is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Article III, Class 1 (18)(c) of the Los Angeles City CEQA Guidelines.
2. This item is subject to approval as to form by the City Attorney.
3. Actions taken on this item by the Board of Airport Commissioners will become final pursuant to the provisions of Los Angeles City Charter Section 606.
4. Societe Air France will comply with the provisions of the Living Wage Ordinance.
5. The Small Business Enterprise Program does not apply to leases.
6. Societe Air France will comply with the provisions of the Affirmative Action Program.
7. Societe Air France has been assigned Business Tax Registration Certificate number 0002653453.
8. Societe Air France will comply with the provisions of the Child Support Obligations Ordinance.
9. Societe Air France will have approved insurance documents, in the terms and amounts required, on file with Los Angeles World Airports prior to execution of the Lease Agreement.
10. This action is not subject to the provisions of City Charter Section 1022 (Use of Independent Contractors).
11. Societe Air France has submitted the Contractor Responsibility Program Pledge of Compliance and will comply with the provisions of the Contractor Responsibility Program.
12. Societe Air France must be determined by Public Works, Office of Contract Compliance, to be in compliance with the provisions of the Equal Benefits Ordinance prior to execution of the Lease Agreement.
13. Societe Air France will be required to comply with the provisions of the First Source Hiring Program for all non-trade Airport jobs.
14. This action is not subject to the provisions of the Bidder Contributions CEC Form 55