



RESOLUTION NO. 25837

LAX
LA/Ontario
Van Nuys
City of Los Angeles

BE IT RESOLVED that the Board of Airport Commissioners approved a ten (10)-year Lease with Gavin de Becker and Associates LP to develop a remote airline lounge located at 6851 West Imperial Highway at Los Angeles International Airport, providing for seamless transfer of passengers to and from scheduled commercial aircraft, as referenced in the Board-adopted staff report attached hereto and made part hereof; and

Eric Garcetti
Mayor
**Board of Airport
Commissioners**

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

Sean O. Burton
President
Valeria C. Velasco
Vice President

BE IT FURTHER RESOLVED that the Request for Bid process used in this competitive award process satisfies the requirements of Administrative Code Section 10.17 and is compatible with the City's interests; and

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. 25837 is true and correct, as adopted by the Board of Airport Commissioners at its Special Meeting held on Thursday, November 19, 2015.

Sandra J. Miller – Secretary
BOARD OF AIRPORT COMMISSIONERS





Los Angeles World Airports

Item Number **5**

REPORT TO THE

BOARD OF AIRPORT COMMISSIONERS

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

Debbie Bowers
Reviewed by: Debbie Bowers, Deputy Executive Director

Timothy B.
City Attorney

Deborah Flint
Deborah Flint - Executive Director

Meeting Date:

11/19/2015

CAO Review: Completed
 Pending
 N/A

Reviewed for	Date	Approval Status	By
Capital Budget	10/15/2015	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	DS
Operating Budget	10/16/2015	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	RW
CEQA	10/30/2015	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	AE
Procurement	10/29/2015	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> Cond	MT
Guest Experience	11/4/2015	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	BY

SUBJECT: Lease with Gavin de Becker and Associates LP at Los Angeles International Airport

Approve a 10-year Lease with Gavin de Becker and Associates LP, located at 6851 West Imperial Highway, at Los Angeles International Airport, that will generate \$3,746,921 in the first year and over \$34,000,000 over the term.

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. FIND that the Request for Bid process used in this competitive award process satisfies the requirements of Administrative Code Section 10.17 and is compatible with the City's interests.
4. APPROVE the 10-year Lease with Gavin de Becker and Associates, LP as referenced in this report.
5. AUTHORIZE the Executive Director to execute the Lease with Gavin de Becker and Associates LP upon approval as to form by the City Attorney and upon approval by the Los Angeles City Council.

DISCUSSION:

1. Purpose

To develop a remote airline lounge providing for the seamless transfer of passengers to and from scheduled commercial aircraft at Los Angeles International Airport (LAX).

2. Prior Related Actions

- None

3. Current Action

On January 10, 2014, staff issued a Request for Lease Offer (RLO), as a competitive process for a lease of Los Angeles World Airport (LAWA) premises at 6851 West Imperial Highway for use as an airline remote lounge. This type of lounge is used to transfer passengers to and from scheduled commercial aircraft, designed for passengers who desire a more private boarding process, such as professional athletes, entertainment personnel, and government diplomats. Remote lounges such as this are used at various airports worldwide. This proposed service will reduce LAWA Airport Police security detail for these types of passengers and divert paparazzi away from LAX's Central Terminal Area.

Under the RLO, three proposals were received on the closing date of April 3, 2014. Upon further review of the submitted lease offers, staff determined that the RLO did not adequately address all of the key components necessary to award a lease.

Subsequently, on June 5, 2015, staff issued a Request for Bids (RFB) to initiate a second competitive process. Bids under the RFB process were due on September 1, 2015. Gavin de Becker and Associates LP (Gavin de Becker) was the only respondent during this competitive process and included representatives from the other two firms which had proposed in the first round under the RLO process. Gavin de Becker has worldwide experience providing similar personalized passenger service operations, as well as providing premier security services to its clients.

Lessee is responsible for renovating the property, financing all the improvements, managing services and operations in a quality manner, maintaining the property over the term of the Lease, and obtaining all necessary operation permits with the Customs and Border Protection Agency, and the Transportation Security Administration.

The table below provides a summary of the proposed Lease:

GAVIN DE BECKER AND ASSOCIATES, LP	
Term	10 years
Effective Date	Upon approval by the Board of Airport Commissioners and the Los Angeles City Council
Expiration	Ten years from the Effective Date
Required Minimum Investment	\$3,000,000 investment in capital improvements, that must be completed in the first 36 months of the Lease term or the Lessee is required to pay the difference to LAWA
Demised Premises	<ul style="list-style-type: none"> • 43,750 square foot (SF) of land for operational purposes • 13,840 SF parking area within a 27,680 SF lot that is shared with the adjacent tenant
Payments to LAWA	<ul style="list-style-type: none"> • Land and parking - \$346,921 per year, based on the Board-approved rate for commercial land • Privilege Fee - \$3,100,000* annually, commencing upon passenger operations or one year after the Effective Date, whichever occurs earlier
LAWA-owned Building Acquisition Fee	<ul style="list-style-type: none"> • \$300,000 one-time payment for existing buildings • Payable within 6 months of the Effective Date
Annual CPI Adjustments	Payments to LAWA adjusted July 1 of every year, but no less than 2%, does not occur in any year when there is a Periodic Market Rate Adjustment
Temporary Premises	Lease allows for temporary operations to be conducted at another LAX site, if available.
<p>*Land & parking adjusted to market every five years, subject to Board approval</p> <p>Annual CPI Adjustments: all payments to LAWA adjusted July 1 of every year, but no less than 2%, does not occur in any year when there is a Periodic Market Rate Adjustment</p>	

Action Requested

Staff requests the Board approve the Lease and authorize the Executive Director to execute the Lease, after approval as to form by the City Attorney and approval by the City Council.

Fiscal Impact

Approval of this item will generate approximately \$34,769,210 in revenue to LAWA, exclusive of rental adjustments, over the 10-year term. Approval of this action will have no fiscal impact on LAWA's Capital Budget.

4. Alternatives Considered

- **Take No Action**

Taking no action is not recommended, as the proposed services provided by the Lessee will ultimately reduce congestion in the Central Terminal Area. Additionally, taking no action will preclude LAWA from receiving additional revenue from currently unleased property.

- **Change Use of the Property**

In the absence of the proposed Lease, staff would recommend that the property be mothballed until demolished and LAWA establishes alternative uses for the land, such as airport support facilities, parking for existing LAWA tenants or for LAWA construction laydown purposes. None of these alternative uses would generate substantial revenue to LAWA.

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. Gavin de Becker and Associates LP will comply with the provisions of the Living Wage Ordinance.
5. The Small Business Enterprise Program does not apply to leases.
6. Gavin de Becker and Associates LP will comply with the provisions of the Affirmative Action Program.
7. Gavin de Becker and Associates LP has been assigned Business Tax Registration Certificate number 0000646077-0001-8.
8. Gavin de Becker and Associates LP will comply with the provisions of the Child Support Obligations Ordinance.

9. Gavin de Becker and Associates LP 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. Gavin de Becker and Associates LP has submitted the Contractor Responsibility Program Pledge of Compliance and will comply with the provisions of the Contractor Responsibility Program.
12. Gavin de Becker and Associates LP has been determined by Public Works, Office of Contract Compliance, to be in compliance with the provisions of the Equal Benefits Ordinance.
13. Gavin de Becker and Associates LP will be required to comply with the provisions of the First Source Hiring Program for all non-trade Airport jobs.
14. Gavin De Becker and Associates LP has submitted the Bidder Contributions CEC Form 55 and will comply with its provisions.