

0150-10114-0001

TRANSMITTAL

TO
Deborah Flint, Chief Executive Officer
Department of Airports

DATE
SEP 18 2018

COUNCIL FILE NO.

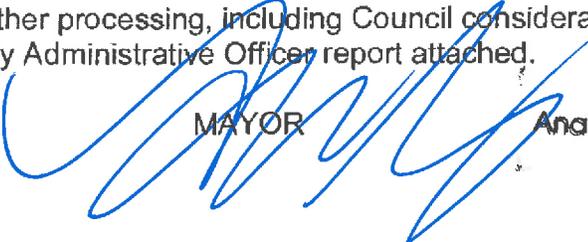
FROM
The Mayor

COUNCIL DISTRICT
6

**Request to Approve the First Amendment to a Lease Agreement with
Air Center Aviation, Inc. for a General Aviation Operations Facility
At 16303 Waterman Drive at Van Nuys Airport**

Transmitted for further processing, including Council consideration. See the
City Administrative Officer report attached.

MAYOR


Ana Guerrero

RHL:WDC: 10190017t

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: September 12, 2018

CAO File No.: 0150-10114-0001

Council File No.:

Council District: 6

To: The Mayor

From: Richard H. Llewellyn, Jr., City Administrative Officer

Reference: Communication from the Department of Airports dated September 5, 2018; referred by the Mayor for report on September 6, 2018

Subject: **REQUEST TO APPROVE THE FIRST AMENDMENT TO A LEASE AGREEMENT WITH AIR CENTER AVIATION, INC. FOR A GENERAL AVIATION OPERATIONS FACILITY AT 16303 WATERMAN DRIVE AT VAN NUYS AIRPORT**

RECOMMENDATIONS

That the Mayor:

1. Approve the First Amendment to Lease VNA-8795 between the Los Angeles World Airports and Air Center Aviation, Inc. for property at 16303 Waterman Drive, Van Nuys, at the Van Nuys Airport, extending the current agreement by 18 months, for a total of six and one-half years, to June 30, 2020, for the purpose of continuing general aviation operations, subject to compliance with the following Standard Provisions for City Contracts and Leases: the Living Wage Ordinance, Affirmative Action Program, Child Support Obligations Ordinance, First Source Hiring Program, the Department's insurance requirements, and the Bidder Contributions CEC (City Ethics Commission) Form 55 provisions; subject to City Attorney approval as to form;
2. Authorize the Chief Executive Officer of the Los Angeles World Airports to execute the proposed Amendment; and,
3. Return the Amendment to the Department for further processing, including Council consideration.

SUMMARY

The Air Center Aviation, Inc. (Air Center Aviation) Van Nuys Airport (VNY) aircraft repair, flight school, and hangar and tie-down rentals operation is located at 16303 Waterman Drive due east of runway 34R-16L. The operation consists of shop and office space that accommodates approximately 30 helicopters and subtenants whose services include aerial photography, scenic tours, and flight instruction.

The Department's Chief Executive Officer requests authority to execute a First Amendment to Lease VNA-8795 with Air Center Aviation to extend the current five-year agreement for an additional 18 months from December 31, 2018 to June 30, 2020 (for a total of six and one-half years). The extension of the Lease will enable the company to continue its general aviation operations at Van Nuys Airport while Department staff determine the highest and best use for the property in preparation for development of a Request for Proposal for the site in conformance with the Van Nuys Airport Master Plan. Additionally, in that a portion of the subject property may be needed by the Los Angeles County Fire Department (County Fire) for the staging of water-dropping aircraft or combined into a single, 11-acre parcel with one or more tenants, the proposed term extension will also allow time for discussions and negotiation with County Fire.

The airport property lease is for 4.3256 acres of land and 17,253 square feet of building/office space. Air Center Aviation is responsible for maintaining the major building systems (e.g., Heating/Ventilation/Air Conditioning, plumbing, fire sprinklers, etc.).

Under the terms of the proposed lease amendment, compensation to LAWA will be \$205,063 annually and \$307,595 over the 18-month extension period, and remain the same as with the existing lease (excluding Consumer Price Index and annual adjustments).

According to the Department, Air Center Aviation is in good standing with respect to compliance with its lease terms and lease payments. The lease contains a 30-day, advance written notice termination clause that allows either party to terminate the agreement without cause.

At its meeting of September 6, 2018, the Board approved the proposed First Amendment to Lease VNA-8795 with Air Center Aviation, Inc.

FISCAL IMPACT STATEMENT

Approval of the proposed First Amendment with Air Center Aviation, Inc. will result in annual revenue of approximately \$205,063 and approximately \$307,595 over the 18-month term extension (excluding the automatic annual rental rate and Consumer Price Index adjustments). This lease complies with the Department of Airports' adopted Financial Policies. Approval of the Amendment will have no impact on the Department's capital budget or the City's General Fund.