



January 21, 2014

The Honorable City Council
of the City of Los Angeles
City Hall, Room 395
Los Angeles, CA 90012

Subject: APPROVAL OF LEASE WITH AIR CENTER AVIATION, INC. FOR AIRCRAFT STORAGE AND MAINTENANCE FACILITY AT VAN NUYS AIRPORT.

LAX
LA/Ontario
Van Nuys
City of Los Angeles
Eric Garcetti
Mayor
Board of Airport
Commissioners
Sean O. Burton
President
Valeria C. Velasco
Vice President
Gabriel L. Eshaghian
Jackie Goldberg
Beatrice C. Hsu
Matthew M. Johnson
Dr. Cynthia A. Telles
Gina Marie Lindsey
Executive Director

In accordance with Section 606 of the City Charter, the Board of Airport Commissioners transmits for your approval the Lease with Air Center Aviation, Inc. for aircraft storage and maintenance facility at Van Nuys Airport.

RECOMMENDATION FOR CITY COUNCIL

1. APPROVE the Lease with Air Center Aviation, Inc. at Van Nuys Airport.
2. CONCUR in the Board's action authorizing the Executive Director to execute the Lease with Air Center Aviation, Inc.
3. FIND 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.

The Board of Airport Commissioners, at their meeting held on November 14, 2013, by Resolution No. 25266 approved the Lease with Air Center Aviation, Inc. subject to the approval of your Honorable Body is attached.

There is no fiscal impact to the City's General Fund as a result of this action.

CONCLUSION

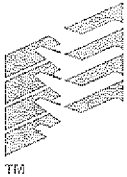
Please return the attached Lease with Air Center Aviation, Inc. to the Department of Airports' Board Office after City Council approval and Certification of that approval.

Very truly yours,

Sandra J. Miller – Commission Executive Assistant II
BOARD OF AIRPORT COMMISSIONERS

- cc: Trade, Commerce and Tourism Committee
 Councilmember LaBonge, E-file
 Councilmember Bonin, E-file
 Councilmember Buscaino, E-file
 CAO (Airport Analyst), E-file
 CLA (Airport Analyst), E-file
 City Clerk's Office, Enc. (one original)





RESOLUTION NO. 25266

LAX
LA/Ontario
Van Nuys
City of Los Angeles

BE IT RESOLVED that the Board of Airport Commissioners approved a five (5)-year Lease and building rental rates with Air Center Aviation, Inc. located at 16303 Waterman Drive at Van Nuys Airport, as referenced on the board report attached herein 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

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 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

Valeria C. Velasco
Vice President

Gabriel L. Eshaghian
Jackie Goldberg
Beatrice C. Hsu
Matthew M. Johnson
Dr. Cynthia A. Telles

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.

Gina Marie Lindsey
Executive Director

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I hereby certify that this Resolution No. 25266 is true and correct, as adopted by the Board of Airport Commissioners at its Special Meeting held on Thursday, November 14, 2013.

Sandra J. Miller – Secretary
BOARD OF AIRPORT COMMISSIONERS





Los Angeles World Airports

REPORT TO THE

BOARD OF AIRPORT COMMISSIONERS

Item Number **8**

Approved by: Duran Villegas - Director, Business Development

Reviewed by: *[Signature]*
Debbie Bowers - Deputy Executive Director

[Signature]
City Attorney *Ch*

[Signature]
Gina Marie Lindsey - Executive Director

Meeting Date:

11/14/2013

CAO Review:

- Completed
- Pending
- N/A

Reviewed for	Date	Approval Status	By
Capital Budget	10/3/2013	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	DS
Operating Budget	10/7/13	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	RWA
CEQA	10/7/2013	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	ES
Procurement	10/04/13	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> Cond	MT

SUBJECT: Lease and Rental Rates with Air Center Aviation, Inc. at 16303 Waterman Drive at Van Nuys Airport

Approve a five-year Lease and building rental rates with Air Center Aviation, Inc. located at 16303 Waterman Drive at Van Nuys Airport that will generate approximately \$156,825 in gross revenue the first year and approximately \$784,125 in gross revenue over the five-year 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. APPROVE building rental rates for the facility at 16303 Waterman Drive as referenced in this report.
4. APPROVE a Lease between the City of Los Angeles and Air Center Aviation, Inc.
5. AUTHORIZE the Executive Director to execute the Lease between the City of Los Angeles and Air Center Aviation, Inc. upon approval as to form by the City Attorney and upon approval by the Los Angeles City Council.

DISCUSSION:

1. Purpose

The recommended five-year Lease with Air Center Aviation, Inc. (Air Center) will cause Air Center to pay market rental rates for buildings and land at VNY, secure retroactive land rent at rates consistent with those paid by similar VNY tenants, and provide LAWA flexibility to pursue future redevelopment opportunities with adjoining parcels.

2. Prior Related Actions

- December 6, 1967 – Board Order No. AO-1510 (Lease No. LAA-1188)
The Board of Airport Commissioners (Board) authorized a 20-year lease with Sky Cruisers Development Company covering approximately 4.500 acres for operation of an aircraft sales and service business at Van Nuys Airport (VNY).
- July 31, 1985 – Board Order No. AO-3824 (Lease No. VNA-4967)
The Board authorized a lease with Air Center Aviation covering 0.365 acres adjoining Lease No. LAA-1188 at VNY.
- April 20, 1988 – Board Order No. AO-4056 (Lease No. VNA-5697)
The Board authorized an interim month-to-month replacement lease with Air Center Aviation, Inc. at VNY covering 4.8650 acres, replacing Lease Nos. LAA-1188 and VNA-4967.
- August 22, 1990 – Board Order No. AO-4228 (Lease No. VNA-6713)
The Board authorized an interim five-year replacement lease with Air Center Aviation, Inc. covering 4.4585 acres at VNY, replacing Lease No. VNA-5697.
- July 27, 1992 – Board Order No. AO-4350 (Lease No. VNA-7211)
The Board authorized an interim five-year replacement lease with Air Center Aviation, Inc. covering 4.4585 acres at VNY and rescinded Board Order No. AO-4228.
- July 14, 1998 – Board Order No. AO-4664 (Lease No. VNA-7754)
The Board authorized a five-year replacement lease with Air Center Aviation, Inc. covering 4.3253 acres at VNY.

3. Current Action

During the 1990's, while the VNY Master Plan was underway, LAWA management largely suspended entering into leases at VNY while allowable uses for the leaseholds were being studied and leasing guidelines were being drafted. In the early and mid-2000's long-term leases were approved for tenants that had been at the airport for many years. For various reasons, three tenants from that era did not secure long-term leases, one of which was Air Center.

Air Center currently occupies the premises month-to-month and pays non-adjusted rental rates for land and buildings providing aircraft storage and maintenance. The proposed five-year Lease would preserve the current aeronautical use and activities and reflect the market land and building rates for similar properties at VNY.

As part of the lease negotiations, Air Center accepted that it must retroactively pay from the date LAWA staff formally provided Air Center with appraised rates reflecting market land rental rates. Air Center's land rental payments will be charged at the General Aviation and Propeller-Only land use rates accepted by over 80% of the VNY tenants based upon the timing and areas indicated below. The building rates were negotiated based on LAWA and Air Center appraisals and represent market value.

The total retroactive rent balance of approximately \$40,879 is due and payable to LAWA subject to accrual until such time the Board approves the building rates and Lease. The retroactive rent may be paid in a lump sum or through a three-year payment plan divided in equal monthly installments following the date of Lease approval.

The table below provides a summary of key elements of the proposed Lease:

<u>PROPOSED LEASE SUMMARY</u>	
Term	Five years
Commencement/Effective Date	Upon Execution by the Executive Director
Expiration	Five years from commencement
Cancellation Provision	30-day written notice by either party
Demised Premises	
<u>Land</u>	
General Aviation Use	4.3 acres
Yr. 1 – Yr. 2 ½	1.0 acre
Yr 2 ½ - Yr. 5	2.3 acres
Propeller-Only Use	
Yr. 1 – Yr. 2 ½	3.3 acres
Yr. 2 ½ - Yr. 5	2.0 acres
<u>Building</u>	
Hangar	10,443 Square Feet (SF)
Hangar/Office	6,810 SF
Rental Rate	
<u>Land</u>	
General Aviation	\$33,997.86 Per Acre Per Year (PAPY)
Propeller-Only Use	\$16,812.77 PAPY
<u>Building</u>	
Hanger	\$3.57 Per Square Foot Per Year (PSFPY)
Hanger/Office	\$4.08 PSFPY
Annual Rent:	\$156,825
Annual Adjustment	Annual CPI adjustments and 5- year Periodic Adjustment no less than 2% and no greater than 7%.
*Rate is based on an independent third party appraisal and is the current Board approved rate. Rates are rounded.	

Air Center has agreed to all LAWA standard lease terms and provisions. The five-year lease term and 30-day early termination clause allows LAWA flexibility to pursue future redevelopment options with adjoining parcels consistent with the goals of the VNY Revised Real Estate Redevelopment Plan.

Action Requested

Staff requests the Board approve a five-year Lease with Air Center for the facility at VNY, and authorize the Executive Director to execute the proposed Lease.

Fiscal Impact

Approval of this Lease will generate approximately \$156,825 in annual gross revenue to LAWA, totaling approximately \$784,125 in gross revenue over the five-year term.

4. Alternatives Considered

• ***Take No Action***

Taking no action is not recommended. Since LAWA has no immediate alternative need for the premises, approval of the proposed Lease would preserve the existing aeronautical use and activities for a tenant in good standing and update rental rates to reflect the most recent market land and building rates for the current facilities.

APPROPRIATIONS:

No appropriations are required for this action. Approval of this action will have no impact on LAWA's Capital Budget.

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 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. Air Center will comply with the provisions of the Living Wage Ordinance.
5. This action is not subject to the provisions of the Small Business Enterprise Program.
6. Air Center will comply with the provisions of the Affirmative Action Program.
7. Air Center has been assigned Business Tax Registration Certificate number 0000250401-0001-9.

8. Air Center will comply with the provisions of the Child Support Obligations Ordinance.
9. Air Center must have approved insurance documents, in the terms and amounts required, on file with Los Angeles World Airports prior execution of the Lease Agreement.
10. This action is not subject to the provisions of the City Charter Section 1022 (Use of Independent Contractors).
11. Air Center must submit the Contractor Responsibility Program Pledge of Compliance and comply with the provisions of the Contractor Responsibility Program.
12. Air Center 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. This action is not subject to the provisions of the First Source Hiring Program.
14. Air Center must submit the Bidder Contributions CEC Form 55 and comply with its provisions prior to execution of the Lease Agreement.

Attachments: Location Map
Lease Comparison Table

Location Map



Site Map



Lease Comparison Table

Company Name	Contract Number	Land Area (Ac)	Land Rate (PAPY)	Hangar Area (SF)	Hangar Rate (PSFPY)	Hangar/Office Area (SF)	Hangar/Office Rate (PSFPY)
Air Center Aviation	Proposed Lease	4.3352	\$33,997.86	6,810	\$3.57	10,443	\$4.08
Schaefer Ambulance Service	VNA-8778	2.4552	\$33,997.86	10,000	\$4.08	2,468	\$4.64
Aerolease Associates, LLC	VNA-8369A	5.3921/ 2.8274	\$33,997.86/ \$16,812.77	11,110	\$3.50	-	-
Nick Mosich dba Southwest Aviation	VNA-7157	8.0539	\$24,000.00	-	-	23,400	\$5.25