

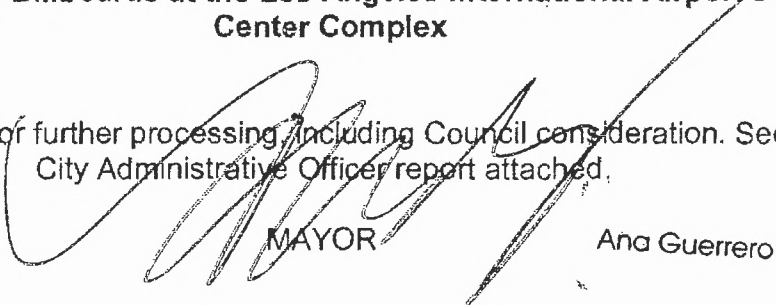
0150-11067-0001

TRANSMITTAL

TO Deborah Flint, Chief Executive Officer Department of Airports	DATE OCT 25 2018	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT 11	

**Approval of Amended and Restated Lease with Clear Channel Outdoor, Inc.
 To Revise the Financial Terms and Allow the Department to Remove One of
 Two Advertising Billboards at the Los Angeles International Airport's Skyview
 Center Complex**

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



MAYOR

Ana Guerrero

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: October 24, 2018

CAO File No.: 0150-11067-0001

Council File No.:

Council District: 11

To: The Mayor

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

Reference: Communication from the Department of Airports dated October 16, 2018; referred by the Mayor for report on October 17, 2018

Subject: **APPROVAL OF AMENDED AND RESTATED LEASE WITH CLEAR CHANNEL OUTDOOR, INC. TO REVISE THE FINANCIAL TERMS AND ALLOW THE DEPARTMENT TO REMOVE ONE OF TWO ADVERTISING BILLBOARDS AT THE LOS ANGELES INTERNATIONAL AIRPORT'S SKYVIEW CENTER COMPLEX**

RECOMMENDATIONS

That the Mayor:

1. Approve the proposed Amended and Restated Lease Agreement LAA-47656 between the Los Angeles World Airports and Clear Channel Outdoor, Inc. amending the 37-year lease to revise the terms and allow the Department to remove one of two billboards on the Skyview Center parking lot at the Los Angeles International Airport, as needed, and extend the lease term by five years from October 31, 2018 to October 31, 2023, to continue in place the one billboard that does not interfere with the Department's plans for implementation of the Landside Access Modernization Program (LAMP), subject to City Attorney approval as to form and the Lessee's compliance with the City's Standard Provisions for Contracting, including the Service Contractor Worker Retention and Living Wage Ordinances, Affirmative Action Program, Child Support Obligations Ordinance, the Department's insurance requirements, Contractor Responsibility Program, Equal Benefits Ordinance, First Source Hiring Program for non-trade Airport jobs, and the Bidder Contributions CEC (City Ethics Commission) Form 55 and related provisions;
2. Authorize the Chief Executive Officer to execute the Amended and Restated Lease; and,
3. Return the Lease to the Department for further processing, including Council consideration.

SUMMARY

With the Los Angeles World Airports' (LAWA; Department) June 2013 purchase of the Skyview Center's two-building office complex at 6033 and 6053 West Century Boulevard, the Department

acquired existing long-term billboard leases with two outdoor advertising firms: Outfront Media and Clear Channel Outdoor, Inc.

The lease with Clear Channel Outdoor, Inc. (Clear Channel; Lessee) for two billboards—with three sides or “faces”—expires on October 31, 2018. The location of one of the two billboards (consisting of one of the three billboard “faces”) is now in conflict with LAWA’s plans to implement the Landside Access Modernization Program (LAMP) and requires removal. Doing so will ensure that LAWA’s designs for the site are maintained and the Lessee remains in compliance with the terms of the lease. Since all remaining space on the site is needed for parking for occupants of the Skyview Center complex or for the LAMP project, no alternative location for the billboard is available.

The Department proposes to extend the current lease for five years to October 31, 2023. Furthermore, LAWA proposes to add a billboard space rental rate option of 42.5 percent of gross annual revenues (a rate favorable to LAWA since market studies show that between 30 and 40 percent of gross annual revenues is typical for similar locations) to the \$13,000 annual base rental rate (whichever is greater), and include language in the lease that terminates the automatic renewal provision and allows for termination, by either party, with 60 days’ advance written notice. In addition to modifying the rental rate options, LAWA is developing a comprehensive strategy for application to its remaining billboard leases in conformance with provisions of the LAX Sign District Ordinance of June 17, 2015 (C.F. 13-0285-S2).

To facilitate removal of the billboard on the Skyview Center parking lot, extend the lease term, and modify the lease provisions for the remaining billboard, the Chief Executive Officer of the Los Angeles World Airports requests approval to execute an Amended and Restated Lease with Clear Channel to (1) remove one of two billboards, (2) reduce the space rental fee from \$18,000 to \$13,000 annually to reflect removal of the billboard and bring the fee into alignment with other Department billboard leases, and (3) extend the current lease term by five years to October 31, 2023. As part of the term extension, LAWA will receive approximately \$68,000 in rental revenue over the five-year term, exclusive of annual Consumer Price Index increases.

The Amended and Restated Lease Agreement with Clear Channel was approved by the Board of Airport Commissioners at its meeting of October 18, 2018. To become effective, the amendment must be approved by the City Attorney as to form and by the Council.

FISCAL IMPACT STATEMENT

Approval of the Amended and Restated Lease Agreement with Clear Channel Outdoor, Inc. to (1) remove one of two billboards on the Skyview Center complex parking lot to accommodate the Los Angeles World Airports’ implementation of the Landside Access Modernization Program, (2) reduce the space rental fee to reflect removal of the billboard and bring the fee into alignment with standard Department billboard rates for the area, and (3) extend the current lease term by five years to October 31, 2023, will result in approximately \$13,000 in annual rental revenue (\$68,000 over the five-year term), a decrease of approximately \$5,000 annually. This project complies with the Los Angeles World Airports’ adopted Financial Policies. Approval of the Amended and Restated Lease Agreement will have no impact on the City’s General Fund.