

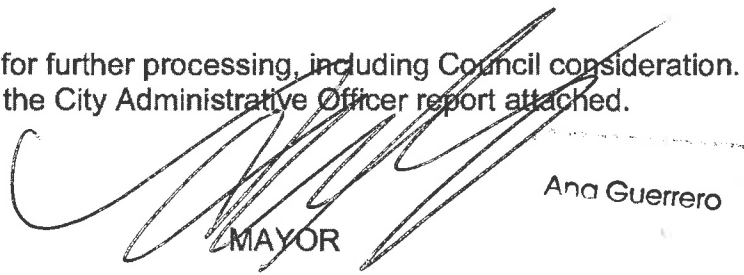
0150-09088-0004

**TRANSMITTAL**

TO Deborah Flint, Chief Executive Officer Los Angeles World Airports	DATE JAN 09 2019	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT 11	

**Proposed Lease with United Airlines, Inc. for space at  
6033 West Century Boulevard, at Skyview Center, near  
Los Angeles International Airport**

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



MAYOR

Ana Guerrero

RHL:AVM:10190056t

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: January 7, 2019

CAO File No. 0150-09088-0004

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 December 4, 2018; referred by the Mayor for a report on December 4, 2018

Subject: **PROPOSED LEASE WITH UNITED AIRLINES, INC. FOR SPACE AT 6033 WEST CENTURY BOULEVARD, AT SKYVIEW CENTER, NEAR LOS ANGELES INTERNATIONAL AIRPORT**

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### RECOMMENDATIONS

That the Mayor:

1. Approve a proposed Lease with United Airlines, Inc. for space at 6033 West Century Boulevard, Skyview Center, near Los Angeles International Airport, having a term of 39 months which will provide approximately \$950,000 in revenue over the duration of the term, subject to approval by the City Attorney as to form and compliance with the City's Standard Provisions applicable to contracts including: the Affirmative Action Program, Business Tax Registration Certificate, Child Support Obligations Ordinance, City insurance requirements, Contractor Responsibility Program, Living Wage Ordinance and Worker Retention Ordinance;
2. Authorize the Chief Executive Officer to execute the proposed Lease, subject to United Airlines, Inc. (1) being determined by the Public Works Department, Office of Contract Compliance, to be in compliance with the provisions of the Equal Benefits Ordinance, and (2) submitting the Contractor Responsibility Program Questionnaire and Pledge of Compliance prior to execution; and
3. Return the request to the Department of Airports for further processing, including Council consideration.

### SUMMARY

#### Background

On May 21, 2013, the Board of Airport Commissioners (BOAC) approved the purchase of commercial properties located at 6033 and 6053 West Century Boulevard, and at 6101 and 6151

West 98<sup>th</sup> Street, adjacent to Los Angeles International Airport (LAX). The properties (Skyview Center) total 17.6 acres of land and consist of: an office complex of two buildings having approximately 407,000 rentable square feet, a parking structure situated between the buildings has 412 parking spaces, and a parking lot which is approximately 14.4 acres. Los Angeles World Airports (LAWA, Department) staff negotiated a purchase price of approximately \$111.9 million for the Skyview Center.

Several months after the commercial property purchase was approved, on November 14, 2013 the BOAC approved a 59-month lease (Lease) agreement with United Airlines, Inc. (United). The Lease provided 8,564 square feet of space for United to use at Skyview Center, 6033 West Century Boulevard, (Building A) Suite 1000. Department staff projected approximately \$1,056,000 in rental revenue would be generated over the term of 59 months. Other Lease provisions included Tenant Improvements and Broker Commission not-to-exceed estimates of \$179,844 and \$68,000, respectively. Funding for these provisions was included in the Department Operating Budget for the 2013-14 Fiscal Year. In addition, Common Area Maintenance (CAM) costs would be recovered through separate charges, according to LAWA staff. Through a five year lease approved by the BOAC in June 2015, Colliers International provides Property Management and Leasing Services for Skyview Center.

#### **Proposed Lease with United Airlines, Inc. for space in the Skyview Center**

Approval of the proposed United agreement will increase the leasehold area to 10,534 square feet in the Skyview Center, 10<sup>th</sup> floor, Suite A. The proposed Lease term of 39 months, which does not include an option for extension, is expected to commence December 1, 2018 and to expire February 28, 2022. Staff at LAWA anticipate the Lease will generate approximately \$950,000 in rental revenue over the 39-month term. Department staff notes the terms of the proposed Lease comply with, or exceed, the underwriting guidelines established by LAWA at the time of the Skyview Center purchase. The provision for Tenant Improvement allowance, at \$8 per square foot, will provide a maximum of \$84,272 as set forth by Lease criteria. The proposed Lease contains another provision which will provide three months free rent (United need not pay base rent for the 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> full months) which is in accordance with market standards when signing a five-year agreement, per Department staff. The Broker Commission provision cites a not-to-exceed amount of \$52,178; the CAM costs, as previously noted. As pertains to the proposed Lease, funds for Tenant Improvements and Broker Commission are included in the Fiscal Year 2018-19 LAWA Operating Budget.

United will comply with the City's Standard Provisions applicable to contracts as well as the requirement to be completed prior to Lease execution. The BOAC approved the proposed Lease with United at its meeting on December 6, 2018.

#### **FISCAL IMPACT STATEMENT**

Approval of the proposed Lease between the Los Angeles Worlds Airports (Department) and United Airlines, Inc., will have no impact on the City's General Fund and complies with Department

adopted Financial Policies. The Lease for space at 6033 West Century Boulevard, Skyview Center, near Los Angeles International Airport, has a term of 39 months for 10,534 square feet. Department funding for the Tenant Improvements and Broker Commission costs are included in the Fiscal Year 2018-19 LAWA Operating Budget, LAX Cost Center 2001525 – Skyview Ctr, Commitment Item 520 – Contractual Services. It is anticipated that implementation of the Lease will provide approximately \$950,000 in revenue to the Department over the duration of the term.

*RHL:AVM:10190058*