

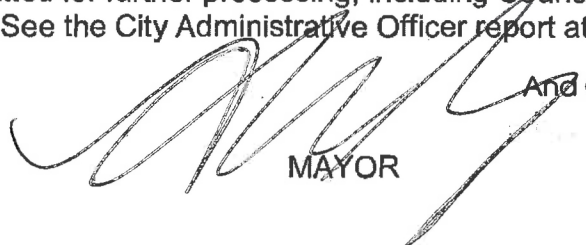
0150-11293-0000

**TRANSMITTAL**

TO Deborah Flint, Chief Executive Officer Los Angeles World Airports	DATE <b>JAN 30 2019</b>	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT <b>11</b>	

**Proposed Fourth Amendment to a Lease with Concentra Health Services, 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.

  
Antonio Guerrero  
MAYOR

RHL:AVM:101900711

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: January 29, 2019

CAO File No. 0150-11293-0000

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 January 14, 2019; referred by the Mayor for a report on January 14, 2019

Subject: **PROPOSED FOURTH AMENDMENT TO A LEASE WITH CONCENTRA HEALTH SERVICES, 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 Fourth Amendment to a Lease with Concentra Health Services, Inc. for space at 6033 West Century Boulevard, Skyview Center, near Los Angeles International Airport, having a term of 10 years which will provide approximately \$6,204,000 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, First Source Hiring Program, Living Wage Ordinance and Worker Retention Ordinance;
2. Authorize the Chief Executive Officer to execute the proposed Fourth amendment, subject to Concentra Health Services, Inc. prior to execution of the Lease agreement (1) being determined by the Public Works Department, Office of Contract Compliance, to be in compliance with the provisions of the Equal Benefits Ordinance, (2) having approved insurance documents on file with Los Angeles World Airports, in the terms and amounts required, (3) submitting the Bidder Contributions CEC (City Ethics Commissions) Form 55 and complying with its provisions, and (4) submitting the Contractor Responsibility Program Questionnaire and Pledge of Compliance and complying with provisions of the Contractor Responsibility Program; and
3. Return the request to the Department of Airports for further processing, including Council consideration.

**SUMMARY**

**Background**

Over the years, several entities have been the Landlord for tenants at 6033 West Century Boulevard (Skyview Center), buildings now owned by Los Angeles World Airports (LAWA, Department). 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), on May 21, 2013. Skyview Center consists of an office complex of two buildings having approximately 407,000 rentable square feet (sq. ft.), a parking structure, and a parking lot. One tenant, Concentra Health Services, Inc. (Concentra), began leasing space in Skyview Center in the mid-1990s as a California corporation called Airport Healthcare Medical Group. Concentra is a Nevada corporation authorized to do business in California.

The following table presents a summary of the Concentra leasing history and key parties involved.

Tenant	Landlord	Dates, Amendments and Lease	Rentable Space, sq. ft.	Base Rent, first year of term
Concentra	LAWA, City of Los Angeles	Proposed Fourth, March 1, 2019 – Feb. 28, 2029	17,217	\$547,500.60
Concentra	Skyview Center, LLC	Third Amendment, Sept. 1, 2008 – Feb. 28, 2019	17,089	\$434,878.56
Concentra	Arden Realty Finance Partnership, L.P.	Second Amendment, Dec. 1, 2005 – Aug. 31, 2008	10,221	\$230,401.80
Concentra	Arden Realty Finance Partnership, L.P.	First Amendment, Sept. 1, 2001 – Nov. 30, 2005	8,756	\$178,622.40
Airport Healthcare Medical Group	LAOP IV, LLC	Original Lease, April 1, 1996 – July 31, 2001	9,719	\$150,450.12

According to Department documents, the Original Lease in 1996 was an agreement between LAOP IV, LLC, a Nevada limited liability company and Thomas C. Borut, M.D., an individual, dba Airport Healthcare Medical Group. The Original Lease agreement secured approximately 9,719 sq. ft. of rentable space and was permitted for medical office use. The term of this agreement was 62 months and its first full month's rent was \$12,537.51. Some other provisions included in the Original Lease, and that continue into the proposed Fourth Amendment, are: direct costs increases; designation of guest, reserved and unreserved parking spaces; termination language; tenant improvements; broker services; space and term options; and, tenant's proportionate share. With an exception of

the First Amendment (Partial Surrender) when the leased square footage was reduced, the Concentra leasehold area at Skyview Center has expanded over the decades as the rentable space increased in each subsequent Amendment.

#### **Proposed Fourth Amendment for a Lease with Concentra for space in the Skyview Center**

Approval of the proposed Amendment will increase the leasehold area to 17,217 square feet in the Skyview Center, 2<sup>nd</sup> floor area. The proposed term of 120 months, which does not include an option for extension, is expected to commence March 1, 2019 and to expire February 28, 2029. Staff at LAWA anticipate this Amendment with Concentra will generate approximately \$6,204,000 in rental revenue over the 120-month term. Department staff notes the terms of the proposed Amendment comply with, or exceed, the underwriting guidelines established by LAWA at the time of the Skyview Center purchase. The provision for a one-time Tenant Improvement Allowance will entitle Concentra to an amount not-to-exceed \$430,425 for any and all costs associated with the design and construction of tenant improvements. A Rent Abatement provision will provide three months free rent (Concentra need not pay base rent for the 1<sup>st</sup>, 2<sup>nd</sup>, and 3<sup>rd</sup> full months) during the Fourth Amendment term, for a total amount not-to-exceed \$136,875.15 (\$45,625.05 per month). The Broker Commission provision cites a not-to-exceed amount of \$267,433. As pertains to the proposed Lease, funds for Tenant Improvements and Broker Commission are included in the Fiscal Year 2018-19 LAWA Operating Budget.

Concentra will comply with the City's Standard Provisions applicable to contracts as well as the requirements to be completed prior to execution of the proposed Amendment for a Lease. The BOAC approved the proposed Fourth Amendment with Concentra at its January 17, 2019 meeting.

#### **FISCAL IMPACT STATEMENT**

Approval of the proposed Fourth Amendment for a Lease between the Los Angeles World Airports (Department) and Concentra Health Services, Inc., will have no impact on the City's General Fund and complies with Department adopted Financial Policies. The Fourth Amendment for a Lease for space at 6033 West Century Boulevard, Skyview Center, near Los Angeles International Airport, has a term of 120 months for 17,217 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 \$6,204,000 in revenue to the Department over the duration of the term.

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