

**TO THE COUNCIL OF THE
CITY OF LOS ANGELES**

Your **TRADE, COMMERCE, AND TOURISM** Committee

reports as follows:

ADMINISTRATIVE EXEMPTION and TRADE, COMMERCE, AND TOURISM COMMITTEE REPORT relative to proposed First Amendment to Lease with Mercury Air Cargo, Inc. to extend the term of their leasehold to continue Air Cargo Handling Operations at 6040 Avion Drive at Los Angeles International Airport.

Recommendations for Council action:

1. ADOPT the determination by the Board of Airport Commissioners (Board) that the proposed action is exempt under the California Environmental Quality Act (CEQA) as provided in Article III, Section 1(18)(c) of the Los Angeles City CEQA Guidelines.
2. APPROVE the First Amendment with Mercury Air Cargo, Inc. at Los Angeles International Airport.
3. CONCUR with the Board's action of January 23, 2012 by Resolution No. 24695 authorizing the Executive Director to execute the First Amendment with Mercury Air Cargo, Inc. at Los Angeles International Airport.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that approval of the proposed lease agreement with Mercury Air Cargo, Inc. will generate approximately \$4,311,118 in revenue during the first year of the agreement and at least \$41,314,880 (excluding any fair market rental rate adjustments) for the Los Angeles World Airports (LAWA) over the nine-year, seven-month term. Approval of the lease extension will have no impact on the City's General Fund; neither will it negatively affect the Department's capital or operating budgets. This lease complies with the Department of Airports' adopted Financial Policies.

Community Impact Statement: None submitted.

TIME LIMIT FILE - APRIL 19, 2012

(LAST DAY FOR COUNCIL ACTION – APRIL 18, 2012)

SUMMARY

At a special meeting held on April 9, 2012, your Trade, Commerce and Tourism Committee considered a Board report relative to proposed First Amendment to Lease with Mercury Air Cargo, Inc. to extend the term of their leasehold to provide for the continuation of air cargo operations at the Los Angeles International Airport, 6040 Avion Drive. The proposed extension will also ensure that the lease term concludes at the same time as the term for the adjacent property leased to the Raytheon Company. Pursuant to Charter Section 373, Council approval of the proposed Amendment is required in that the cumulative term of the agreement exceeds three years.

The proposed lease extension will allow LAWA the option to redevelop approximately 12 contiguous acres of land and improvements upon the expiration of the lease in 2021, result in a 12-percent first-year rental rate increase over the current rates, and provide first-year revenue to LAWA of approximately \$4,311,118 and at least \$41,314,880 over the proposed nine-year, seven-month term, not including fair market rental rate adjustments.

An opportunity for public comment was held. After a brief discussion, the Committee moved to approve the recommendation contained in the report.

This matter is now forwarded to the Council for its consideration.

Respectfully submitted,

TRADE, COMMERCE, AND TOURISM COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
LABONGE:	YES
ROSENDAHL:	YES
BUSCAINO:	YES

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Not Official Until Council Acts