

CATEGORICAL EXEMPTION and TRADE, TRAVEL, AND TOURISM COMMITTEE REPORT relative to the Fourth Amendment to the Los Angeles World Airports (LAWA) lease with Mercury Air Cargo, Inc.

Recommendations for Council action:

1. ADOPT the determination by the Board of Airport Commissioners (BOAC) that the proposed action is categorically exempt under the California Environmental Quality Act (CEQA) in accordance with Article III, Class 1 (18)(c) of the Los Angeles City CEQA Guidelines.
2. APPROVE the Fourth Amendment to LAWA Lease LAA-8388 with Mercury Air Cargo, Inc., extending the term through September 30, 2023, with two one-year extension options, and adding a truck staging area to its premises at 6040 Avion Drive at Los Angeles International Airport (LAX).
3. CONCUR with the action taken by the BOAC on March 4, 2021, authorizing the Chief Executive Officer, LAWA, to execute the Fourth Amendment to Lease LAA-8388 with Mercury Air Cargo, Inc.

Fiscal Impact Statement: The BOAC reports that this action will not impact the General Fund.

Community Impact Statement: None submitted.

TIME LIMIT FILE – MAY 19, 2021

(LAST DAY FOR COUNCIL ACTION – MAY 19, 2021)

SUMMARY

In a report to BOAC dated March 4, 2021, LAWA requests approval of the Fourth Amendment to the lease with Mercury Air Cargo to extend the lease term for two years and to add a truck staging area to the premises. LAWA reports that this will generate approximately \$9,616,116 in revenue over the extension period, with a possible \$19,232,232 in total revenue if the two extension options are exercised.

LAWA goes on to report that Mercury Air Cargo occupies a cargo facility located within the footprint of the Terminal 9 project. The proposed amendment provides flexibility for LAWA for the development of Terminal 9. The term extension will minimize any disruption to Mercury Air Cargo's operations and airline clients

According to LAWA, Mercury Air Cargo uses the facility to process cargo for multiple international airlines. Mercury Air Cargo is one of several cargo handlers at LAX,

processing approximately 16 percent of all cargo at LAX. Its facilities are operating at maximum capacity based on current industry throughput standards.

LAWA further reports that the proposed lease amendment also expands the existing land area to include a truck staging area, and also a periodic adjustment of the building rental rate to \$22.25 per square foot per year. The rate is comparable to rates for similar facilities at LAX.

On March 4, 2021, BOAC approved the proposed Fourth Amendment to the LAWA lease with Mercury Air Cargo.

At its special meeting held April 27, 2021, the Trade, Travel, and Tourism Committee recommended that Council approve the proposed lease amendment, as recommended by BOAC.

<u>MEMBER</u>	<u>VOTE</u>
BUSCAINO:	YES
BONIN:	ABSENT
LEE:	YES

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Respectfully Submitted,

TRADE, TRAVEL, AND TOURISM COMMITTEE



- NOT OFFICIAL UNTIL COUNCIL ACTS -