

RESOLUTION NO. 27589

WHEREAS, on recommendation of Management, there was presented for approval, Second Amendment to Lease PIA-224 with Kinkisharyo International, LLC to reduce a portion of the leased premises located at 2825 East Avenue P within the Palmdale landholdings of Los Angeles World Airports; and

WHEREAS, Los Angeles World Airports (LAWA) owns approximately 17,500 acres of land in the City of Palmdale, which is referred to as the Palmdale landholdings (see Exhibit 1, attached hereto and made part hereof). A part of said land consists of a 307-acre campus that is referred to as Site 9, which contains approximately one million square feet of space in five LAWA buildings, including Building 702; and

LAX

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WHEREAS, in 2014, LAWA executed Lease PIA-224 with Kinkisharyo International, LLC (Kinkisharyo) for occupancy of leased premises consisting of 426,840 square feet of building space, comprised of 168,840 square feet in Hangar 704 and 258,000 square feet of storage space in Building 702. Kinkisharyo also uses common area space for vehicular movement, has a vehicle parking area, and is charged a common area maintenance fee for those areas. The leased premises were used to assemble light rail vehicles for Metro's rail operation; and

WHEREAS, in 2021, Kinkisharyo was awarded a new contract for Metro's P2550 modernization project. However, said new contract involves mostly maintenance and repair work of rail cars. Therefore, Kinkisharyo does not require as much leased space and requested a reduction of its leased premises that it no longer needs; and

WHEREAS, LAWA and Kinkisharyo have agreed to the terms of the Second Amendment for Kinkisharyo to keep 130,164 square feet of the leased building space, while allowing LAWA to proceed with plans to solicit prospective tenants for the unused portion of Building 702 and adjacent land area. A summary of the terms of the Second Amendment is as follows:

| | Prior | Amendment |
|---|---------------------------------|---------------------|
| Term: | 5 years with a 5-year extension | no change |
| Effective Date | July 3, 2014 | no change |
| Expiration Date | July 2, 2024 | no change |
| Premises: | | |
| Land Area (Lease Ref. #) | | |
| (ii) Land under and adjacent to Hangar 704 | 389,235 square feet | no change |
| (iv) Land under and adjacent to Hangar 702 | 535,114 square feet | 256,657 square feet |
| (v) Parking Area A for automobile parking adjacent to Building 701 located at 2825 East Avenue P | 122,956 square feet | no change |
| (vi) Parking Area B for automobile parking adjacent to Building 702 located at 2825 East Avenue P | 64,989 square feet | 0 square feet |



(table continued)

| | Prior | Amendment |
|---|---------------------|---------------------|
| Premises: (continued) | | |
| Building (Lease Ref. #) | | |
| (i) Portion of Hangar 704 – Entire ground floor of Hangar 704 located at 2825 East Avenue P | 168,840 square feet | no change |
| (iii) Building 702 located at 2825 East Avenue P | 258,000 square feet | 130,164 square feet |
| First Year Rent: | \$1,415,594 | \$1,145,860 |
| Remaining Term Rent | \$2,477,290 | \$2,005,256; and |

Note: Rent does not include future rental rate adjustments. Remaining lease term +/- 21 months.

WHEREAS, issuance of permits, leases, agreements, gate and space assignments, and renewals, amendments or extensions thereof, or other entitlements granting use of existing airport facilities or its operations is exempt from California Environmental Quality Act (CEQA) requirements pursuant to Article III, Class 1(18)(c) of the Los Angeles City CEQA Guidelines; and

WHEREAS, Kinkisharyo is required by contract to comply with the provisions of the Living Wage Ordinance; and

WHEREAS, Kinkisharyo is required by contract to comply with the provisions of the Affirmative Action Program; and

WHEREAS, Kinkisharyo must submit a Business Tax Registration Certificate number prior to execution of the lease amendment; and

WHEREAS, Kinkisharyo is required by contract to comply with the provisions of the Child Support Obligations Ordinance; and

WHEREAS, Kinkisharyo has approved insurance documents, in the terms and amounts required, on file with LAWA; and

WHEREAS, Kinkisharyo has submitted the Contractor Responsibility Program Pledge of Compliance, and will comply with the provisions of said program; and

WHEREAS, Kinkisharyo has been determined by Public Works, Office of Contract Compliance to be in compliance with the provisions of the Equal Benefits Ordinance; and

WHEREAS, Kinkisharyo has submitted the Bidder Contributions CEC Form 55, and will comply with its provisions; and

WHEREAS, actions taken on this item by the Board of Airport Commissioners will become final pursuant to the provisions of Los Angeles City Charter Section 606;

NOW, THEREFORE, BE IT RESOLVED that the Board of Airport Commissioners adopted the Staff Report; determined that this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Article III, Class 1(18)(c) of the Los Angeles City CEQA Guidelines; approved

the Second Amendment to Lease PIA-224 with Kinkisharyo International, LLC to reduce a portion of the leased premises located at 2825 East Avenue P within the Palmdale landholdings of Los Angeles World Airports; and authorized the Chief Executive Officer, or designee, to execute said Second Amendment to Lease PIA-224 with Kinkisharyo International, LLC after approval as to form by the City Attorney and approval by the Los Angeles City Council.

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I hereby certify that this Resolution No. 27589 is true and correct, as adopted by the Board of Airport Commissioners at its Regular Meeting held on Thursday, October 6, 2022.



Grace Miguel – Secretary
BOARD OF AIRPORT COMMISSIONERS

attachment:

- *Exhibit 1 - Palmdale Landholdings Site 9 Area*

EXHIBIT 1
Palmdale Landholdings
Site 9 Area

