

RESOLUTION NO. 27577

WHEREAS, on recommendation of Management, there was presented for approval, Second Amendment to Lease LAA-8781 with United Parcel Service, Inc. to extend the term by up to five (5) years, and adjusted building rental rate, covering the cargo facility located at 6041 West Imperial Highway within Los Angeles International Airport; and

WHEREAS, under Lease LAA-8781, United Parcel Service, Inc. (UPS), which is an integrated cargo operator that provides trucking and air transport of cargo for point-to-point destinations, has operated at Los Angeles International Airport (LAX) since 2013. Said lease expires on September 5, 2022; and

LAX

Van Nuys

City of Los Angeles

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Mayor

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Chief Executive Officer

WHEREAS, Los Angeles World Airports (LAWA) and UPS negotiated an extension of the UPS lease to continue cargo operations at LAX for additional three (3) years, with two (2) one-year extension options. As part of the negotiation for the Second Amendment, UPS agreed to a building rental increase from \$23.52 to \$25.50 per square foot per year, which is consistent with the building rental rates at other similarly situated cargo facilities at LAX. The leases for the tenants adjacent to the UPS premises have terms that range from May 2025 to October 2036. In addition, the UPS lease provides LAWA a 90-day termination right for any reason with no penalty. Therefore, the term extension for UPS, through September 2027 if both options are exercised, will not impact LAWA's flexibility to pursue future planning for cargo facilities or other use of the facility; and

WHEREAS, following is a summary of the terms of the Second Amendment:

	Prior	Amendment
Term:		
Effective Date	September 6, 2013	September 6, 2022
Expiration Date	September 5, 2022	September 5, 2025, unless extended
Options	none	two (2) one-year extension options at LAWA Chief Executive Officer's discretion
Early Termination	90 days written notice by either party	no change
Premises:		
Building	13,795 square feet	no change
Land	47,895 square feet	no change
Automobile Paving	24,256 square feet	no change
Aircraft Paving	9,844 square feet	no change



(table continued)

	Prior	Amendment
Rental Rates:		
Improvements	\$23.52/square foot/year	\$25.50/square foot/year
Land	\$ 4.89/square foot/year	no change
Aircraft Paving	\$ 0.94/square foot/year	no change
Automobile Paving	\$ 0.48/square foot/year	no change
First Year Rent:	\$580,000	\$608,000
Rental Adjustments:		
Annual Adjustment	Consumer Price Index on July 1 with a 2% minimum	3% on July 1
Periodic Adjustment	Land Rate Adjustment: July 1, 2025, and every five (5) years thereafter	no change
	Improvement Rate Adjustment: Five (5) years from effective date and every five (5) years thereafter	no change
	Paving rate adjustments as per standard LAWA procedures	no change; and

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, UPS will comply with the provisions of the Living Wage/Service Worker Retention Ordinances; and

WHEREAS, UPS will comply with the provisions of the Affirmative Action Program; and

WHEREAS, UPS is assigned Business Tax Registration Certificate 0000281689-0001-7; and

WHEREAS, UPS will comply with the provisions of the Child Support Obligations Ordinance; and

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

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

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

WHEREAS, UPS will comply with the provisions of the First Source Hiring Program for all non-trade LAX jobs; and

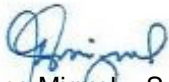
WHEREAS, UPS has submitted the Bidder Contributions CEC Form 55, and will comply with its provisions; and

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 LAA-8781 with United Parcel Service, Inc. to extend the term by up to five (5) years, and adjusted building rental rate, covering the cargo facility located at 6041 West Imperial Highway within Los Angeles International Airport; and authorized the Chief Executive Officer, or designee, to execute said Second Amendment to Lease LAA-8781 with United Parcel Service, Inc. 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. 27577 is true and correct, as adopted by the Board of Airport Commissioners at its Regular Meeting held on Thursday, September 1, 2022.



Grace Miguel – Secretary
BOARD OF AIRPORT COMMISSIONERS