

RESOLUTION NO. 27540

WHEREAS, on recommendation of Management, there was presented for approval, five (5)-year Lease with DHL Express (USA), Inc., and building rental rate, covering the property located at 5701, 5791, and 5795 West Imperial Highway within Los Angeles International Airport; and

WHEREAS, DHL Express (USA), Inc. (DHL) has operated at Los Angeles International Airport (LAX) since 1987. DHL's current lease, which expires on August 1, 2022, consists of land, aircraft paving, automobile paving, warehouse space, and the historic Hangar 1 building, which is currently being used for ground service equipment maintenance; and

LAX

Van Nuys

City of Los Angeles

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Justin Erbacci
Chief Executive Officer

WHEREAS, DHL approached Los Angeles World Airports (LAWA) to request a new lease to continue operations at the site and make improvements to the facility. LAWA and DHL negotiated the new five (5)-year lease, with an expiration date of July 31, 2027, to support ongoing cargo operations and provide appropriate time for DHL to depreciate \$2,000,000 in capital improvements that it will make to the facility. The improvements include upgrades to the HVAC and lighting systems, repairs and upgrades to the dock doors, office space remodeling, and exterior painting of the buildings. Compliance with the LAX Preservation Plan is required for any improvements to historic Hangar 1. The lease term is consistent with surrounding leases and allows for flexibility on potential future cargo plans in the area. The lease may be terminated with 180 days' notice by either party and LAWA is not required to reimburse DHL for capital investment in the event of early termination; and

WHEREAS, additionally, DHL is currently not being charged rent for its use of Hangar 1 under the terms of its existing lease. As part of the negotiations for the new lease, DHL has agreed to begin paying market rent for its use. As a result, the annual revenue is expected to increase by approximately \$397,000, exclusive of the rental rate adjustments; and

WHEREAS, following are the key elements of the lease:

	Previous	New
Term:		
Effective Date	August 25, 1989	August 2, 2022
Expiration Date	August 1, 2022	July 31, 2027
Early Termination	None	180 days, either party
Premises:		
Building	97,648 square feet	113,148 square feet
Land	381,032 square feet	no change
Automobile Paving	84,000 square feet	no change
Aircraft Paving	165,360 square feet	no change
Rental Rates:		
Improvements	\$23.55/square foot/year	\$23.55/square foot/year
Land	\$ 3.61/square foot/year	\$ 4.89/square foot/year
Aircraft Paving	\$ 0.83/square foot/year	\$ 0.94/square foot/year
Automobile Paving	\$ 0.42/square foot/year	\$ 0.48/square foot/year



(table continued)

	Previous	New
First Year Rent	\$3,886,442	\$4,962,000
Rental Adjustments:		
Annual Adjustment	Consumer Price Index on July 1	3% on July 1
Periodic Adjustment	Land Rate Adjustment: July 1, 2020, and every five years thereafter	Land Rate Adjustment: July 1, 2025, and every five years thereafter
	Improvement Rate Adjustment: Five years from the effective date and every five years thereafter	Improvement Rate Adjustment: Upon lease commencement date and every five years thereafter; 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, DHL will comply with the provisions of the Living Wage/Service Contractor Worker Retention Ordinances; and

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

WHEREAS, DHL is assigned Business Tax Registration Certificate 0000289856-0003-3; and

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

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

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

WHEREAS, DHL must be determined by Public Works, Office of Contract Compliance, to be in compliance with the provisions of the Equal Benefits Ordinance prior to execution of the lease; and

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

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

WHEREAS, DHL has submitted the Bidder Contributions CEC Form 50, and will comply with its provisions; and

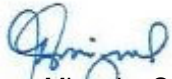
WHEREAS, actions taken on this item by the Board of Airport Commissioners will become final pursuant to the provisions of Los Angeles City Charter Section 606;

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 five (5)-year Lease with DHL Express (USA), Inc., and building rental rate, covering the property located at 5701, 5791, and 5795 West Imperial Highway within Los Angeles International Airport; and authorized the Chief Executive Officer, or designee, to execute said Lease with DHL Express (USA), 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. 27540 is true and correct, as adopted by the Board of Airport Commissioners at its Regular Meeting held on Thursday, July 21, 2022.

A handwritten signature in blue ink, appearing to read "Grace Miguel".

Grace Miguel – Secretary
BOARD OF AIRPORT COMMISSIONERS