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Item Number
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Report to the BOARD OF AIRPORT COMMISSIONERS

Approver: 
Dave Jones, Deputy Executive Director
Commercial Development

Reviewer: 
Brian C. Ostler, City Attorney


John Ackerman, Chief Executive Officer

Meeting Date

10/3/2024

Needs Council Approval: ☒ Y

Reviewed for/by	Date	Approval Status	By
Finance	9/10/2024	<input checked="" type="checkbox"/> Y <input type="checkbox"/> NA	JS
CEQA	8/30/2024	<input checked="" type="checkbox"/> Y	VW
Procurement	9/10/2024	<input checked="" type="checkbox"/> Y <input type="checkbox"/> Cond	LK
Guest Experience	9/3/2024	<input checked="" type="checkbox"/> Y	TB
Strategic Planning	8/27/2024	<input checked="" type="checkbox"/> Y	BNZ

SUBJECT

Request to adopt the following report; approve and execute the First Amendment to LAA-9126 with HNTB Corporation to extend the term by 39 months for office space in the Los Angeles World Airports-owned Skyview Center located at 6033 West Century Blvd., which will generate \$652,706 in net revenue over the extended term; and appropriate funds in the amount of \$41,662.08 for broker commissions.

DISCUSSION

1. Purpose

The proposed First Amendment with HNTB Corporation (HNTB) will extend the current 39-month term and retain an existing tenant in good standing in the Skyview Center office buildings.

2. Prior Related Actions/History of Board Actions

- **May 21, 2013 – Resolution No. 2519**

The Board of Airport Commissioners (Board) approved the acquisition of Skyview Center, a two-building office complex consisting of approximately 412,153 square feet of class A office space.

- **November 6, 2014 – Resolution No. 25539 (LAA-8838)**

The Board approved a 60-month lease with HNTB that expired on February 29, 2020.

- **March 18, 2021 – Resolution No. 27221 (LAA-9126)**

The Board approved a 39-month lease with HNTB that will expire on August 31, 2024.

- **July 7, 2022 – Resolution No. 27530 (DA-5560)**

The Board approved a seven-year Property Management and Leasing Agreement with Colliers International Real Estate Management Services, Inc. (Colliers) for both Skyview Center at 6053 W. Century Boulevard and for Aviation Plaza in Van Nuys for an amount not to exceed \$2,500,000.

3. Background

Los Angeles World Airports (LAWA) purchased the two-building Skyview Center office complex in 2013. Los Angeles World Airports occupies 137,733 square feet, or 33 percent of the available office space, at Skyview Center. Currently, 69,224 square feet, or 34 percent of the space, is available for lease. Both LAWA and Colliers are actively marketing to prospective tenants. HNTB has been at Skyview Center since 2015 and will be on holdover status starting September 1, 2024.

4. Current Action/Rationale

Colliers and LAWA staff negotiated the terms of the proposed amendment, which includes a rental rate of \$2.70 per square foot with three percent annual increases. Terms of this rate are negotiated based on the tenant, size and condition of the office space, and market conditions. In accordance with LAWA's leasing incentives, the proposed amendment provides rental abatement of \$55,744.20, which is the equivalent of three months of free rent that will be applied to the first year of the extended term.

5. Fiscal Impact

Approval of this item will generate \$652,706 to LAWA over the 39-month term, after broker commissions and rental abatement are deducted.

6. Alternatives Considered

- ***Take No Action/Deny Request to Approve the Amendment***

Taking no action is not recommended, as not approving the proposed First Amendment will risk the loss of the tenant, which would then result in the potential loss of revenue to LAWA.

- ***Lease Space to Another Tenant***

No other parties have expressed interest in the space, and no prospective tenants are known to exist for these premises.

APPROPRIATIONS

Staff request that the Board appropriate funds in the amount of \$41,662.08 for broker commissions as approved in the Property Management and Leasing Agreement with Colliers at Aviation Plaza and Skyview Center.

STANDARD PROVISIONS

The Board is also hereby requested to adopt staff's determination that this item, covering issuance of permits, leases, agreements, berth and space assignments, and renewals, amendments, or extensions thereof, or other entitlements granting use of existing airport facilities and office space, or its operations, is exempt from California Environmental Quality Act requirements pursuant to Article III, Class 1 (18)(c) and (e) of the Los Angeles City CEQA Guidelines

The proposed document(s) is/are subject to approval as to form by the City Attorney.

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.