

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: October 28, 2024

CAO File No. 0150-12763-0000

Council File No.

Council District: 11

To: The Mayor

From: Matthew W. Szabo, City Administrative Officer

Reference: Correspondence from the Los Angeles World Airports Board of Airport Commissioners dated August 15, 2024 and August 30, 2024; referred by the Mayor for a report on August 16, 2024

Subject: **RESOLUTION NO. 28003 AND PROPOSED 65-MONTH LEASE WITH AMERICAN TOURS INTERNATIONAL, LLC FOR OFFICE SPACE IN THE LOS ANGELES WORLD AIRPORTS-OWNED SKYVIEW CENTER AT 6033 WEST CENTURY BLVD.**

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### RECOMMENDATION

That the Mayor:

1. Approve Los Angeles World Airports (LAWA) Board Resolution No. 28003 authorizing a proposed 65-month office lease with American Tours International, LLC for 8,472 square feet of space in the LAWA-owned Skyview Center, retroactive from August 1, 2023 to December 31, 2028, generating approximately \$149,107 in net revenues during the first year and \$983,633 over the total lease term, and further approve appropriations of \$67,854 for broker commissions and \$169,440 for tenant improvements;
2. Adopt the California Environmental Quality Act (CEQA) determinations of the August 30, 2024 Board of Airport Commissioners (Board) Resolution 28003, that this action is exempt from the CEQA pursuant to Article III, Class 1 (18)(c) and (e) and Article III, Class 1(1) of the Los Angeles City CEQA Guidelines; and
3. Authorize the LAWA Chief Executive Officer, or designee, to execute the proposed agreement upon approval as to form by the City Attorney and approval by the Council.

### SUMMARY

The Los Angeles World Airports (LAWA) Board of Airport Commissioners (Board) requested approval of its August 30, 2024 Resolution 28003 authorizing a proposed 65-month lease with American Tours International, LLC (referred to as "ATI" or "Tenant") for 8,472 square feet of office space in Suite 900 of the LAWA-owned Skyview Center at 6033 West Century Blvd. (known as

“Tower 1”).

ATI has been operating its tourism service in Suite 700 of the Skyview Center at 6053 West Century Blvd. (known as “Tower 2”) since October 19, 1993. The tenant has been occupying the premises on holdover status since the expiration of its original lease on July 31, 2023.

As a result of the COVID-19 pandemic’s impact on travel, the tenant ceased rent payments to LAWA from April 2020 through July 2022, accumulating past due rents of \$1,115,824. As travel rebounded, ATI resumed regular monthly payments in August 2022. From August 2023 to December 2023, the tenant made additional payments of \$97,998 towards overdue rent, reducing the past due balance to approximately \$1,017,826.

The proposed lease will convert ATI’s month-to-month tenancy to a 65-month term, retroactive from August 1, 2023 to December 31, 2028, subject to Council approval and LAWA CAO execution. The lease will generate approximately \$149,107 during the first year and \$983,633 over the full term, after deducting rent abatement not exceeding \$74,554. Additionally, the lease will allow ATI to:

- Minimize its physical footprint by relocating from Tower 2 to Tower 1, resulting in a reduction of 8,767 square feet, decreasing the total area from 17,239 square feet to 8,472 square feet
- Repay rent arrears over a 60-month period
- Increase its security deposit by approximately \$25,718, from \$39,103 to \$64,821

The proposed lease has been approved as to form by the City Attorney. Pursuant to Charter Section 606 and Los Angeles Administrative Code Section 10.5, Council approval is required because the cumulative contract term exceeds five years. Our Office has reviewed the request and recommends approval.

## **BACKGROUND**

*Acquisition and Property Details* - On May 21, 2013, the Board approved the acquisition of the Skyview Center. The property, located at 6033 and 6053 West Century Boulevard, Los Angeles, CA 90045, includes two commercial office buildings totaling 412,153 square feet, one shared parking structure, and one adjacent flat parking lot at 6101 and 6151 West 98<sup>th</sup> Street. The premises primarily serves as office space and parking for tenants and guests.

*Skyview Center Occupancy and Leasing Status* – LAWA occupies 137,733 square feet, or 33 percent, of the office space at Skyview Center. Other tenants occupy another 33 percent, leaving 69,224 square feet, or 34 percent available for lease. The available space is actively marketed by LAWA and the Skyview Center’s property management and leasing agent, Colliers International Real Estate Management Services, Inc., to prospective tenants.

*Tenant History and Lease Status* – ATI has been operating its travel services operations in Suite 700 of Tower 2 since October 19, 1993. The term of the lease expired on July 31, 2023 and the tenant has been occupying the premises on a month-to-month basis.

*New Lease Negotiations and Relocation* - On August 15, 2024 and August 30, 2024, the Board approved a LAWA staff report and Resolution 28003 requesting authority to execute a proposed 65-month lease with American Tours International, LLC for office space in the Skyview Center.

*Office Space Reduction* – Due to reduced in-office staffing following the COVID-19 pandemic, ATI requests to downsize its office space by relocating from 17,239 square feet in Tower 2 to 8,472 square feet in Tower 1. This 51 percent reduction in space better aligns with the firm’s current operational needs, as many employees have transitioned to remote or hybrid work arrangements. The proposed reduction would allow ATI to maintain a more cost-effective footprint while still accommodating its essential in-office personnel.

*Lease Revenue and Expenses* – The proposed 65-month lease will generate total revenue of \$983,633, including \$149,107 in first-year revenue, after accounting for rent abatement of \$74,554 during months four through seven of the first year. The lease includes expenses for broker commissions of \$67,854 and tenant improvements of \$169,440, for total deductions of \$237,294.

*ATI’s Payment History, Outstanding Balance, and Repayment Plan* – As a result of the COVID-19 pandemic impacts, ATI suspended rent payments from April 2020 through July 2022, accruing past-due rent of \$1,115,824. While the tenant resumed regular rent payments in August 2022, the outstanding balance remained. Between August 2023 and December 2023, ATI made payments totaling \$97,998 toward its past-due balance. At the tenant’s request, LAWA structured a 60-month repayment plan to resolve the outstanding balance of \$1,017,826. Under this agreement, ATI will make monthly installments of \$16,964, beginning January 1, 2024, and continuing through December 31, 2028, in addition to remitting its regular payments.

*Other Key Terms of the Lease* – The proposed terms and conditions of the lease include a rental rate of \$2.20 per square foot with three percent annual increases. Additionally, ATI has the option to rent up to 25 parking passes between the Building Parking Structure and the surface parking lot on 98<sup>th</sup> Street. The tenant shall pay for the parking passes it obtains monthly at the prevailing rate. These passes are for the exclusive use of ATI’s personnel and may not be transferred, assigned, subleased, or alienated without LAWA’s prior approval.

*Tenant Improvements* – LAWA negotiated a fair market tenant improvement allowance of \$20 per rental square foot for ATI’s new 8,472 square-foot space, totaling a maximum allowance of \$169,440. Under the agreement, LAWA will fund essential infrastructure upgrades including: new ceiling grids, LED lighting with Title 24 compliance upgrades, carpeting, HVAC system modifications, and Fire Life Safety system improvements as required by code.

*Additional Improvements* - ATI plans to construct a customized IT server room. This addition falls outside of LAWA’s standard tenant improvement scope. All costs associated with this custom assembly—including specialized equipment, infrastructure modifications, and installation—are the tenant’s sole responsibility. LAWA bears no obligation to provide, install, or fund any tenant-specific equipment or improvements beyond the base building standards outlined in the tenant improvements allowance terms.

## **CITY COMPLIANCE**

*Small Business Enterprise (SBE), Local Business Enterprise (LBE), Local Small Business Enterprise (LSBE), and Disabled Veterans Business Enterprise (DVBE) Participation* - The Department indicates that the City's Business Enterprise program participation requirements are not applicable to leases.

*Charter Section 1022* – On March 21, 2024, the Department has determined that the work specified in the proposed contract is not subject to the provisions of Charter Section 1022 on the use of independent contractors.

*California Environmental Quality Act (CEQA)* – The Department has determined that this action is exempt from CEQA requirements pursuant to Article III, Class 1 (18)(c) and (e) and Article III, Class 1(1) of the Los Angeles City CEQA Guidelines. The proposed lease includes provisions to ensure compliance with applicable City Ordinances, contracting, and insurance requirements. The proposed lease has been reviewed and approved as to form by the City Attorney.

The City Attorney has reviewed and approved the proposed lease. In accordance with Charter Section 606 and Administrative Code Section 10.5(c), the Agreement requires Council approval because the total term of the lease exceeds five years. Our Office recommends approval.

## **FISCAL IMPACT STATEMENT**

Approval of the proposed lease between the Los Angeles World Airports and American Tours International, LLC at Skyview Center will result in annual rent revenue of \$149,107 during the first year, and \$983,633 over the 65-month lease (excluding automatic annual rental rate adjustments) after deductions for rent abatement. The lease also includes appropriations of \$67,854 for broker commissions and \$169,440 for tenant improvements. The standard expenses associated with the proposed lease will be appropriate from the LAWA Los Angeles World Airports Revenue Fund, with net revenue and additional payments generated through the lease being deposited into the same fund. The recommendations in this report comply with the Los Angeles World Airports' adopted Financial Policies. Approval of the proposed lease agreement will have no impact on the City's General Fund.

Attachment 1 – August 15, 2024 BOAC Report and August 30, 2024 Resolution No. 28003

MWS/PJH/JVW:DLG:10250092



August 15, 2024

The Honorable Karen Bass  
Mayor, City of Los Angeles  
City Hall – Room 303  
Los Angeles, CA 90012

ATTN: Heleen Ramirez, Legislative Coordinator  
ATTN: Thomas Arechiga, Deputy Legislative Coordinator

LAX

Van Nuys

City of Los Angeles

Karen Bass  
Mayor

Board of Airport  
Commissioners

Karim Webb  
President

Matthew M. Johnson  
Vice President

Vanessa Aramayo  
Courtney La Bau  
Victor Narro  
Nicholas P. Roxborough  
Valeria C. Velasco

John Ackerman  
Chief Executive Officer

RE: Request to approve the proposed office lease with AmericanTours International LLC

In accordance with Executive Directive No. 4, we are transmitting a copy of the specified board report for the request to approve the proposed office lease with AmericanTours International LLC covering office space in the Los Angeles World Airports-owned Skyview Center located at 6033 West Century Boulevard, which will generate \$983,633 in net revenue over the 65-month term.

City Council approval is required pursuant to Section 606 of the Los Angeles City Charter.

Sincerely,

A handwritten signature in black ink, appearing to read "Becca Doten", with a stylized flourish at the end.

Becca Doten  
Chief of Staff

BD:MSA:ksf





## Report to the BOARD OF AIRPORT COMMISSIONERS

<b>Approver:</b> <u><i>Marla Bleavins</i></u> <small>Marla Bleavins (Aug 1, 2024 11:59 PDT)</small> Dave Jones, Deputy Executive Director Commercial Development	<b>Meeting Date</b> 8/15/2024			
	<b>Needs Council Approval:</b> <input checked="" type="checkbox"/> Y			
<b>Reviewer:</b> <u><i>Brian C. Ostler</i></u> Brian C. Ostler, City Attorney  <u><i>John Ackerman</i></u> John Ackerman, Chief Executive Officer	<b>Reviewed for/by</b>	<b>Date</b>	<b>Approval Status</b>	<b>By</b>
	Finance	7/11/2024	<input checked="" type="checkbox"/> Y <input type="checkbox"/> NA	JS
	CEQA	7/10/2024	<input checked="" type="checkbox"/> Y	VW
	Procurement	7/10/2024	<input type="checkbox"/> Y <input checked="" type="checkbox"/> Cond	BG
	Guest Experience	7/10/2024	<input checked="" type="checkbox"/> Y	TB
	Strategic Planning	7/15/2024	<input checked="" type="checkbox"/> Y	BNZ

### SUBJECT

Request to approve the proposed office lease with AmericanTours International LLC covering office space in the Los Angeles World Airports-owned Skyview Center located at 6033 West Century Boulevard, which will generate \$983,633 in net revenue over the 65-month term.

### RECOMMENDATIONS

Management RECOMMENDS that the Board of Airport Commissioners:

1. ADOPT the Staff Report.
2. DETERMINE that the issuance of permits, leases, agreements, gate 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 CEQA requirements pursuant to Article III, Class 1 (18)(c) and (e) of the Los Angeles City CEQA Guidelines. In addition, interior or exterior alterations involving remodeling or minor construction where there be negligible or no expansion of use is exempt from the requirements of the CEQA as provided by Article III, Class 1(1) of the Los Angeles City CEQA Guidelines.
3. FIND that the City's competitive bidding restrictions do not apply pursuant to Board Resolution No. 27530 whereby the Board of Airport Commissioners and the City Council found that it would be in the best interest of the City to contract with Colliers International Real Estate Management Services, Inc. for leasing services at Skyview Center.
4. APPROVE the proposed office lease with AmericanTours International LLC.

5. AUTHORIZE the Chief Executive Officer, or designee, to execute the proposed office lease after approval as to form by the City Attorney and approval by the Los Angeles City Council.
6. APPROPRIATE funds in the amount of \$67,853.87 for broker commissions and \$169,440 for tenant improvements.

## **DISCUSSION**

### **1. Purpose**

Approval of the proposed office lease with AmericanTours International, LLC (ATI) for office space at Skyview Center will generate \$983,633 in revenue for Los Angeles World Airports (LAWA) over the 65-month term and establish a repayment plan for ATI to pay back rent that accrued during the COVID-19 pandemic.

### **2. Prior Related Actions/History of Board Actions**

- **May 21, 2013 – Resolution No. 25129**

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.

- **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 property management and leasing services. The agreement with Colliers is for both Skyview Center and Aviation Plaza for an amount not to exceed \$2,500,000.

### **3. Background**

Los Angeles World Airports purchased the two-building Skyview Center office complex in 2013 and occupies 137,733 square feet, or 33 percent, of the available office space at Skyview Center. Currently, 33 percent of the space is occupied by other tenants leaving 69,224 square feet, or 34 percent of space, available for lease.

AmericanTours International, LLC is a travel and technology company with offices throughout the United States and has been a tenant in Skyview Center since 1993. During the COVID-19 pandemic, ATI did not pay rent for 28 months. Payments resumed in August 2022 and ATI requested payment terms for back rent owed to LAWA. The lease with ATI expired on July 31, 2023, and is currently on holdover status.

### **4. Current Action/Rationale**

Staff negotiated a new lease for a smaller suite of 8,472 square feet that better suits ATI's needs, which includes a rental rate of \$2.20 per square foot and annual three percent increases. Terms of this rate are negotiated based on the tenant, size and condition of the office space, and market conditions. This new lease will result in approximately \$983,600 in net revenue to LAWA after deductions for brokers fees, tenant improvements, and other

incentives. Los Angeles World Airports agreed to make the new office rental-ready by providing new carpet and paint, and the required Title 24 upgrades.

The proposed lease also provides a repayment plan for ATI to pay \$1.1 million in back due rent that accrued during the COVID-19 pandemic. AmericanTours International, LLC will make additional monthly payments over a 60-month term of the proposed lease to repay this outstanding balance. Repayments began in 2023 and will be applied to the back due rent. The balance due can be prepaid any time prior to the end of the lease at no penalty.

### **Fiscal Impact**

Approval of this item will result in net revenue of \$983,633.16 to LAWA over the 65-month lease term after broker commissions and tenant improvements are deducted.

## **5. Alternatives Considered**

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

Taking no action/not approving the proposed office lease is not recommended as it will risk the loss of the tenant, which would then result in the potential loss of revenue for 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 \$67,853.87 for broker commissions and \$169,440.00 for tenant improvements as approved in the Property Management and Leasing Agreement with Colliers at Aviation Plaza and Skyview Center.

## **STANDARD PROVISIONS**

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.



August 30, 2024

The Honorable City Council  
of the City of Los Angeles  
(via email)

*Subject:* Lease with AmericanTours International LLC

Enclosed for your consideration is the Lease with AmericanTours International LLC that was approved by the Board of Airport Commissioners at its August 15, 2024 meeting. There is no impact to the General Fund.

LAX

Van Nuys

City of Los Angeles

Karen Bass  
Mayor

Board of Airport  
Commissioners

Karim Webb  
President

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Vice President

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Courtney La Bau  
Victor Narro  
Nicholas P. Roxborough  
Valeria C. Velasco

John Ackerman  
Chief Executive Officer

**RECOMMENDATIONS FOR CITY COUNCIL:**

1. Adopt the determination by said Board that the action is exempt from the California Environmental Quality Act (CEQA) pursuant to Article III, Class 1(18)(c) and (e) and Article III, Class 1(1) of the Los Angeles City CEQA Guidelines; and
2. Approve the sixty-five (65)-month Lease with AmericanTours International LLC, covering office space in the Los Angeles World Airports-owned Skyview Center, located at 6033 West Century Boulevard; and
3. Concur with said Board's action on August 15, 2024, by Resolution 28003, authorizing the Chief Executive Officer, or designee, of Los Angeles World Airports to execute said Lease with AmericanTours International LLC.

This document and its attachments are advisory only and do not constitute a complete and official submittal to the City Council. The official submittal, including this document and its attachments, will be submitted electronically to the City Council and the Council File Management System pursuant to Charter Section 606 via the City Clerk's website when the file is complete.

Very truly yours,



Grace Miguel, Commission Executive Assistant II  
Board of Airport Commissioners Office  
Los Angeles World Airports

Enclosures

cc: CAO (Airport Analyst), e-file  
CLA (Airport Analyst), e-file



RESOLUTION NO. 28003

WHEREAS, on recommendation of Management, there was presented for approval, sixty-five (65)-month Lease with AmericanTours International LLC covering office space in the Los Angeles World Airports-owned Skyview Center, located at 6033 West Century Boulevard; and

WHEREAS, in 2013, the Board of Airport Commissioners approved acquisition of the two (2)-building Skyview Center office complex; and

WHEREAS, Los Angeles World Airports (LAWA) occupies 137,733 square feet, or 33%, of the available office space at Skyview Center. Currently, 33% of the space is occupied by other tenants leaving 69,224 square feet, or 34% of space, available for lease; and

**LAX**

**Van Nuys**

**City of Los Angeles**

Karen Bass  
Mayor

**Board of Airport  
Commissioners**

Karim Webb  
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Victor Narro  
Nicholas P. Roxborough  
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John Ackerman  
Chief Executive Officer

WHEREAS, AmericanTours International LLC (ATI) is a travel and technology company with offices throughout the United States, and has been a tenant in Skyview Center since 1993. During the COVID-19 pandemic, ATI did not pay rent for twenty-eight (28) months. Payments resumed in August 2022 and ATI requested payment terms for back rent owed to LAWA. The lease with ATI expired on July 31, 2023, and is on holdover status; and

WHEREAS, staff negotiated a new Lease for a smaller suite of 8,472 square feet that better suits ATI's needs. Said Lease includes a rental rate of \$2.20 per square foot and annual 3% increases. The terms of said rate are negotiated based on the tenant, size and condition of the office space, and market conditions. The Lease will result in approximately \$983,600 in net revenue to LAWA after deductions for brokers fees, tenant improvements, and other incentives. LAWA agreed to make the new office rental-ready by providing new carpet and paint, and the required Title 24 upgrades; and

WHEREAS, the Lease also provides a repayment plan for ATI to pay \$1.1 million in back due rent that accrued during the COVID-19 pandemic. ATI will make additional monthly payments over a sixty (60)-month term of the Lease to repay the outstanding balance. Repayments began in 2023 and will be applied to the back due rent. The balance due can be prepaid any time prior to the end of the Lease at no penalty; 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;

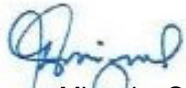
NOW, THEREFORE, BE IT RESOLVED that the Board of Airport Commissioners adopted the Staff Report; determined that issuance of permits, leases, agreements, gate and space assignments, and renewals, amendments or extensions thereof, or other entitlements granting use of existing airport facilities and office space, or its operations is exempt from California Environmental Quality Act (CEQA) pursuant to Article III, Class 1 (18)(c) and (e), and that interior or exterior alterations involving remodeling or minor construction where there be negligible or no expansion of use is exempt from CEQA pursuant to Article III, Class 1(1), of the Los Angeles City CEQA Guidelines; found that the City's competitive bidding restrictions do not apply pursuant to Board Resolution 27530 whereby the Board of Airport Commissioners and the City Council found that it would be in the best interest of the City to contract with Colliers International Real Estate Management Services Inc. for leasing services at Skyview Center; approved the sixty-five (65)-month Lease with AmericanTours International LLC covering office space in the Los Angeles World Airports-owned Skyview Center, located at 6033 West Century Boulevard; authorized the



Chief Executive Officer, or designee, to execute said Lease with AmericanTours International LLC after approval by the Los Angeles City Council and approval as to form by the City Attorney; and further approved appropriation of \$67,853.87 for broker commissions and \$169,440 for tenant improvements, as approved in the property management and leasing agreement with Colliers International Real Estate Management Services Inc. covering Aviation Plaza and Skyview Center.

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I hereby certify that this Resolution No. 28003 is true and correct, as adopted by the Board of Airport Commissioners at its Regular Meeting held on Thursday, August 15, 2024.

A handwritten signature in blue ink, appearing to read "Grace Miguel", is positioned above the printed name.

Grace Miguel – Secretary  
BOARD OF AIRPORT COMMISSIONERS