

RESOLUTION NO. 27737

WHEREAS, on recommendation of Management, there was presented for approval, Lease with CalPortland Company, for term of five (5) years with a five (5)-year extension option, and associated rental rates, covering the property located at 5299 West 111th Street within Los Angeles International Airport; and

WHEREAS, in 1989, Greene's Ready Mixed Concrete Company leased approximately 93,070 square feet of land at 5299 West 111th Street to install and operate a ready-mix concrete batching plant. The plant provides high-volume, ready-to-pour concrete for use by numerous contractors constructing projects throughout the area, including projects at Los Angeles International Airport (LAX); and

LAX

Van Nuys

City of Los Angeles

Karen Bass
Mayor

Board of Airport
Commissioners

Beatrice C. Hsu
President

Valeria C. Velasco
Vice President

Vanessa Aramayo
Matthew M. Johnson
Nicholas P. Roxborough
Karim Webb

Justin Erbacci
Chief Executive Officer

WHEREAS, in August 2010, the Board of Airport Commissioners consented to the assignment of the Greene's Ready Mixed Concrete Company lease to CalPortland Company (CalPortland) and extended the lease term for ten (10) years. The ready-mix concrete batching plant improvements and trade fixtures vested in CalPortland at that time; and

WHEREAS, the lease expired on September 16, 2020, and is currently on month-to-month holdover status. CalPortland approached Los Angeles World Airports (LAWA) staff to request a new lease and, upon review of land use options, LAWA determined that the site can be leased for five to ten years without conflicting with potential future uses. Therefore, in accordance with City of Los Angeles competitive solicitation requirements, LAWA staff released a Request for Expression of Interest (EOI) to solicit interest in leasing the site; and

WHEREAS, the goal of the EOI was to identify parties to continue use as a concrete batching plant and generate revenue to LAWA. LAWA staff determined that continued use of the site as a cement plant would result in the highest rent proposal as no significant capital improvements would be required. CalPortland, the current tenant, was the sole respondent to the EOI and met the EOI's requirements; and

WHEREAS, pursuant to the EOI, LAWA staff negotiated the Lease with CalPortland for term of five (5) years with a five (5)-year tenant option to extend the term. LAWA retains the right, only during the optional extension period, to terminate for convenience upon 360-days' notice. LAWA will collect fair market value land rents throughout the term of the Lease, which will generate approximately \$855,883 in the first year and \$4,544,001 over the initial five (5)-year term. Land rent will be adjusted annually by 3% effective July 1 every year, and will be subject to a periodic five (5)-year fair market value land rent adjustment on July 1, 2025; and

WHEREAS, CalPortland will be responsible for all maintenance and repair costs, as well as capital replacement expenditures associated with the site and improvements thereon. The Lease will also provide LAWA the option to make CalPortland remove all site improvements, including an 858-square foot building and 50,000 square feet of paving, upon expiration of the existing lease. CalPortland must also remediate any environmental contamination at lease termination; and

WHEREAS, except as otherwise specifically noted within this Resolution, the Lease includes all standard LAWA terms and provisions. CalPortland has accepted the lease terms; and



WHEREAS, following are the key elements of the new Lease:

	Existing Lease (on month-to-month holdover)	New Lease
Term:		
Effective Date	September 17, 1990	upon execution*
Expiration Date	September 16, 2020	five (5) years after execution
Option to Extend	n/a	five (5) years by CalPortland election
Early Termination	for cause / casualty	for cause / casualty; or, during option period, for LAWA's convenience, upon 360-days' advance written notice
Premises:		
Land	93,070 square feet	93,070 square feet
Rental Rates:		
Land	\$8.95/square foot/year	\$8.95/square foot/year*
First Year Rent*		\$ 855,883
Total Rent [five (5) years]*		\$4,544,001
Rental Rate Adjustments:		
Annual Adjustment	CPI on July 1	3% on July 1
Periodic Adjustment	Land Rate Adjustment: every five (5) years	Land Rate Adjustment: every five (5) years (July 1, 2025); and

* Rental calculations presume a June 1, 2023 effective date.

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, CalPortland will comply with the provisions of the Living Wage Ordinance, Affirmative Action Program, and Child Support Obligations Ordinance; and

WHEREAS, CalPortland has been assigned Business Tax Registration Certificate 0000832245-0005-2; and

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

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

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

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

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

WHEREAS, CalPortland has submitted the MLO 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 Lease with CalPortland Company, for term of five (5) years with a five (5)-year extension option, and associated rental rates, covering the property located at 5299 West 111th Street within Los Angeles International Airport; and authorized the Chief Executive Officer, or designee, to execute said Lease with CalPortland Company after approval as to form by the City Attorney and approval by the Los Angeles City Council.

o0o

I hereby certify that this Resolution No. 27737 is true and correct, as adopted by the Board of Airport Commissioners at its Regular Meeting held on Thursday, June 1, 2023.

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

Grace Miguel – Secretary
BOARD OF AIRPORT COMMISSIONERS