



 <div style="display: flex; justify-content: space-between; align-items: center;"> LOS ANGELES WORLD AIRPORTS  </div>																									
Report to the BOARD OF AIRPORT COMMISSIONERS																									
<p><i>Approver:</i> </p> <hr/> <p style="text-align: center;">David Jones, Deputy Executive Director Commercial Development Division</p> <p><i>Reviewer:</i> </p> <hr/> <p style="text-align: center;">Hector Huevo (Jun 7, 2024 12:55 PDT) Brian C. Ostler, City Attorney</p> <p style="text-align: center;"></p> <hr/> <p style="text-align: center;">John Ackerman, Chief Executive Officer</p>	<p>Meeting Date</p> <p style="text-align: center; font-size: 1.2em;">6/13/2024</p> <p>Needs Council Approval: <input checked="" type="checkbox"/> Y</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Reviewed for/by</th> <th>Date</th> <th>Approval Status</th> <th>By</th> </tr> </thead> <tbody> <tr> <td>Finance</td> <td>5/23/2024</td> <td><input checked="" type="checkbox"/> Y <input type="checkbox"/> NA</td> <td>JS</td> </tr> <tr> <td>CEQA</td> <td>5/22/2024</td> <td><input checked="" type="checkbox"/> Y</td> <td>MO</td> </tr> <tr> <td>Procurement</td> <td>5/30/2024</td> <td><input checked="" type="checkbox"/> Y <input type="checkbox"/> Cond</td> <td>BG</td> </tr> <tr> <td>Guest Experience</td> <td>5/30/2024</td> <td><input checked="" type="checkbox"/> Y</td> <td>TB</td> </tr> <tr> <td>Strategic Planning</td> <td>5/28/2024</td> <td><input checked="" type="checkbox"/> Y</td> <td>BNZ</td> </tr> </tbody> </table>	Reviewed for/by	Date	Approval Status	By	Finance	5/23/2024	<input checked="" type="checkbox"/> Y <input type="checkbox"/> NA	JS	CEQA	5/22/2024	<input checked="" type="checkbox"/> Y	MO	Procurement	5/30/2024	<input checked="" type="checkbox"/> Y <input type="checkbox"/> Cond	BG	Guest Experience	5/30/2024	<input checked="" type="checkbox"/> Y	TB	Strategic Planning	5/28/2024	<input checked="" type="checkbox"/> Y	BNZ
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SUBJECT

Request to approve the proposed First Amendment to LAA-8800 with Air New Zealand Limited located at 7007 West Imperial Highway at Los Angeles International Airport, to extend the lease term for five years and approve the associated building rental rate. The proposed lease will yield \$450,002 in revenue in the first year and \$2,250,012, exclusive of rental rate adjustments, over the term of the lease amendment.

RECOMMENDATIONS

Management **RECOMMENDS** that the Board of Airport Commissioners:

1. **ADOPT** the Staff Report.
2. **DETERMINE** 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.
3. **APPROVE** the proposed First Amendment to LAA-8800 with Air New Zealand to extend the term by five years.
4. **FURTHER APPROVE** the associated building rental rate as referenced in this report.
5. **AUTHORIZE** the Chief Executive Officer, or designee, to execute the First Amendment upon approval as to form by the City Attorney and approval by the Los Angeles City Council.

DISCUSSION

1. Purpose

Approval of the proposed five-year lease extension will allow Air New Zealand Limited (Air New Zealand, ANZ) to continue aircraft line maintenance operations at Los Angeles International Airport (LAX) and generate additional revenue to the Los Angeles World Airports (LAWA).

2. Prior Related Actions/History of Board Actions

- **December 17, 2013 – (LAA-8800)**

The Board of Airport Commissioners approved a five-year lease with ANZ with one five-year extension option for a total of 10 years. The lease will expire on June 30, 2024.

3. Background

Air New Zealand currently leases property at 7007 West Imperial Highway to perform maintenance on its aircraft. The lease, which includes a building and parking, will expire on June 30, 2024.

4. Current Action/Rationale

Air New Zealand has a continuing need for use of the site for aircraft maintenance. The proposed amendment will extend the term through June 30, 2029. The amendment will also increase the building rental rate from \$13.34 per square foot per year (PSFPY) to \$19.50 PSFPY based on recent appraised rental value. The new rental rate will increase rents by approximately \$65,000 from \$385,000 to \$450,000 per year.

5. Fiscal Impact

Approval of the proposed lease extension will generate approximately \$450,000 in revenue over the first year of the lease and \$2.25 million over the five-year term of the lease, exclusive of the periodic and annual rental rate adjustments.

6. Alternatives Considered

- ***Take No Action***

Taking no action is not recommended. Approval of the proposed new lease will increase annual revenue and enable ANZ to continue its cargo operations at LAX.

APPROPRIATIONS

No appropriation of funds is required for this action.

STANDARD PROVISIONS

1. 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 or its operations is exempt from CEQA requirements pursuant to Article III, Class 1 (18)(c) of the Los Angeles City CEQA Guidelines.
2. The proposed document(s) is/are subject to approval as to form by the City Attorney.
3. 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.
4. Air New Zealand Limited (ANZ) will comply with the provisions of the Living Wage/Service Contractor Worker Retention Ordinances.
5. The Small Business Enterprise, Local Business Enterprise/Local Small Business Enterprise, and Disabled Veterans Business Enterprise Programs do not apply to leases.
6. Air New Zealand Limited (ANZ) will comply with the provisions of the Affirmative Action Program.
7. Air New Zealand Limited (ANZ) is not required to obtain a Business Tax Registration Certificate for this Lease Agreement.
8. Air New Zealand Limited (ANZ) will comply with the provisions of the Child Support Obligations Ordinance.
9. Air New Zealand Limited (ANZ), has approved insurance documents, in the terms and amounts required, on file with the Los Angeles World Airports.
10. This action is not subject to the provisions of City Charter Section 1022 (Use of Independent Contractors).
11. Air New Zealand Limited (ANZ) has submitted the Contractor Responsibility Program Pledge of Compliance and will comply with the provisions of the Contractor Responsibility Program.
12. Air New Zealand Limited (ANZ) has been determined by Public Works, Office of Contract Compliance, to be in compliance with the provisions of the Equal Benefits Ordinance.
13. Air New Zealand Limited (ANZ) will be required to comply with the provisions of the First Source Hiring Program for all non-trade LAX Airport jobs.
14. This action is not subject to the provisions of Bidder Contributions CEC Form 55.
15. Air New Zealand Limited (ANZ) has submitted the Municipal Lobbying Ordinance CEC Form 50 and will comply with its provisions.
16. This action is not subject to the Iran Contracting Act.