



Los Angeles World Airports

Item Number
2

REPORT TO THE BOARD OF AIRPORT COMMISSIONERS

Ramon Olivares

Approved by: Ramon Olivares - Director, Property Services

[Signature]

Reviewed by: Jeffrey Utterback, Deputy Executive Director,
Commercial Development Group

Brian C. Ostler

City Attorney

[Signature]

Justin Erbacci, Chief Executive Officer

Meeting Date:

9/3/2020

CAO Review:

☐ Completed
☒ Pending
☐ N/A

<u>Reviewed for</u>	<u>Date</u>	<u>Approval Status</u>	<u>By</u>
Finance	8/22/2020	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	CI
CEQA	8/13/2020	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	VW
Procurement	8/19/2020	<input type="checkbox"/> Y <input type="checkbox"/> N <input checked="" type="checkbox"/> Cond	QM
Guest Experience	8/18/2020	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	BY
Strategic Planning	8/13/2020	<input type="checkbox"/> Y <input type="checkbox"/> N <input checked="" type="checkbox"/> NA	KV

SUBJECT: Approval of Letter Amendment with Authorized Taxicab Supervision, Inc. at 5160 West 96th Street near Los Angeles International Airport

Approve the Letter Amendment to Lease No. LAA-8562-1 with Authorized Taxicab Supervision, Inc. at 6150 West 96th Street near Los Angeles International Airport to restructure the monthly rent due to the COVID-19 pandemic.

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 a Letter Amendment to Lease No. LAA-8562-1 with Authorized Taxicab Supervision, Inc. (ATS) as referenced in this report.
4. AUTHORIZE the Chief Executive Officer to execute the Letter Amendment, upon approval as to form by the City Attorney and approval by the Los Angeles City Council.

DISCUSSION:

1. Purpose

To provide Authorized Taxicab Supervision (ATS) with rent relief through the end of its Lease term due to the adverse impacts of the COVID-19 pandemic, by restructuring its monthly rent payment structure.

2. Prior Related Actions

- **March 7, 2011 - Board Resolution No. 24394 (Lease No. LAA- 8562-1 and Concession Agreement No. LAA-8562)**
The Board of Airport Commissioners (Board) approved a ten-year ground Lease and concession agreement with ATS for the property located at 9468 Alverstone Avenue at Los Angeles International Airport (LAX).
- **October 1, 2015 – Board Resolution No. 25804 (Lease No. LAA-8562-1)**
The Board approved the First Amendment to Lease LAA-8562-1 with ATS to incorporate substitute premises arising from the relocation of the taxicab holding lot at LAX from 9468 Alverstone Avenue to 6150 West 96th Street.
- **January 14, 2016 – Board Resolution No. 25872 (Concession Agreement No. LAA-8562A)**
The Board approved a First Amendment to Concession Agreement LAA-8562A with Authorized Taxicab Supervision, Inc. to revise the driver penalty structure for taxicab operations at LAX.
- **December 1, 2016 – Board Resolution No. 26119 (Concession Agreement No. LAA-8562B)**
The Board approved the Second Amendment to Concession Agreement LAA-8562B with ATS to modify payment requirements covering management of taxicab operations at LAX.
- **April 16, 2020 – Board Resolution No. 27002 (Lease No. LAA-8562-1 and Concession Agreement No. LAA-8562-1B)**
The Board of Airport Commissioners (Board) approved a restructuring of monthly rent for a four-month period (March – June 2020) due to the adverse impacts of the COVID-19 pandemic.

3. Current Action

On March 7, 2011, the Board approved Lease LAA-8562-1 (Lease) and Concession Agreement No. LAA-8562 (Concession Agreement) with ATS, both of which became effective on April 1, 2011, for a 10-year term. The Lease and Concession Agreement expire on March 31, 2021. The leased property consists of 108,192 square feet (SF) of land located at 6150 West 96th Street near LAX, which ATS uses for taxicab staging and vehicle parking. The Lease provides that ATS pay LAWA \$58,875 per month in ground rent for the leased premises.

Pursuant to the Concession Agreement, ATS is authorized to collect a Taxicab Services Fee (TSF) of \$4.00 from each rider leaving LAX; \$1.70 of the \$4.00 is paid to LAWA.

In March 2020, ATS requested rent relief due to the adverse impacts of the COVID-19 pandemic. In its letter to LAWA, ATS indicated that the pandemic had caused its business to decrease well below the threshold needed to pay its monthly rent to LAWA. Subsequently, on April 16, 2020, the Board approved a Letter Amendment to the Lease, which restructured the monthly rent for the period March 1 – June 30, 2020 from a flat rent of \$58,875 per month to a performance-based rent of \$1.00 per taxicab trip.

As the COVID-19 pandemic continues to adversely impact its operations and revenues, ATS has requested a further modification to its rent structure for the remainder of its Lease term. ATS reports that monthly taxicab trips have fallen from a high of 70,423 in January 2020 to a low of 2,225 for April 2020, slowly increasing to 15,755 in July 2020. Following negotiations with ATS representatives, staff recommends the Board approve a second Letter Amendment to the Lease to further restructure the monthly rent for the period July 1, 2020 to the end of the term, March 31, 2021. For this period, staff proposes a modified performance-based rent structure, as shown in the below table:

PROPOSED TERMS			
LEASE LAA-8562-1			
Description	Original Lease (as modified by 1 st Amendment)	Second Amendment	Third Amendment (Proposed)
Effective Date	12/15/2015	No Change	No Change
Expiration Date	03/31/2021	No Change	No Change
Property Description	Land: Commercial: 108,192 SF Paving- Auto: 108,192 SF	No Change	No Change
Rental Rate	Land: Commercial: \$6.11 SF/YR Auto Parking: \$0.42 SF/YR	Land: Commercial: \$0.00 SF/YR Auto Parking: \$0.00 SF/YR	Land: Commercial: \$0.00 SF/YR Auto Parking: \$0.00 SF/YR
Performance-Based Rent	None	\$1.00 per Taxicab Trip (03/2020 – 06/2020)	July 2020 \$1.00 per Taxicab Trip August – Dec. 2020 \$1.25 per Taxicab Trip Jan 2021 – End of Term \$1.50 per Taxicab Trip
Monthly Base Rent	\$58,875	(03/2020 – 06/2020) None	\$58,875 once trips exceed 40,000 trips/month
CONCESSION AGREEMENT LAA-8562			
Description	Past	Current	Proposed
Taxicab Service Fee*	\$4.00 per Trip	No Change	No Change
Airport Taxicab Rate	\$1.70 per Trip**	No Change	No Change
*Collected from each passenger leaving LAX. **Paid to LAWA.			

Action Requested

Staff recommends the Board approve the Letter Amendment to Lease LAA-8562-1 to restructure ATS's monthly rent for the period July 1, 2020 - March 31, 2021 and authorize the Chief Executive Officer to execute the Letter Amendment after approval as to form by the City Attorney and approval by the Los Angeles City Council.

Fiscal Impact

Approval of this item will result in a projected revenue loss to LAWA of no more than \$58,875 per month, less performance-based rent revenues, for the period July 1, 2020-March 31, 2021, totaling a projected revenue loss of no more than \$394,875 over the nine-month period, assuming performance-based rent continues to track at about \$15,000 per month. This projected revenue loss is not reflected in the current FY2021 Budget.

4. Alternatives Considered

- ***Deny Request for Approve of Third Lease Amendment***
Failure to approve this action will negatively impact ATS operations by hindering its ability to pay its operating costs, including employee labor costs (i.e. salaries, benefits, insurance, medical, taxes, etc.).

APPROPRIATIONS:

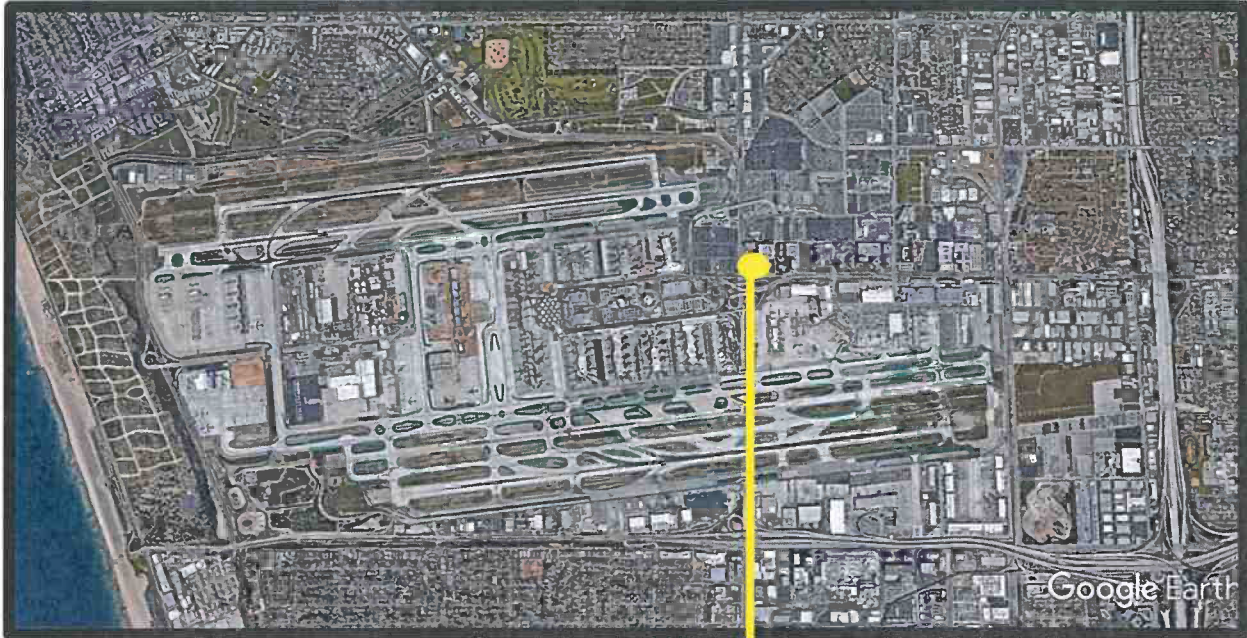
Approval of this action will not require an appropriation of funds.

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 categorically exempt from California Environmental Quality Act (CEQA) requirements pursuant to Article III, Class 1 (18)(c) of the Los Angeles City CEQA Guidelines.
2. This 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. Authorized Taxicab Supervision, Inc. is required by contract to comply with the provisions of the Living Wage /Worker Retention Ordinances.
5. Leases are not subject to the Business Enterprise Programs.
6. Authorized Taxicab Supervision, Inc. is required by contract to comply with the provisions of the Affirmative Action Program.
7. Authorized Taxicab Supervision, Inc. has been assigned Business Tax Registration Certificate number 0000820812-0001-3.

8. Authorized Taxicab Supervision, Inc. is required by contract to comply with the provisions of the Child Support Obligations Ordinance.
9. Authorized Taxicab Supervision, Inc. must have approved insurance documents, in the terms and amounts required, on file with the Los Angeles World Airports prior to execution of contract amendment.
10. Pursuant to Charter Section 1022, staff determined the work specified on the proposed contract can be performed more feasibly or economically by an Independent Contractor than by City employees.
11. Authorized Taxicab Supervision, Inc. has submitted the Contractor Responsibility Program Pledge of Compliance and will comply with the provisions of the Contractor Responsibility Program.
12. Authorized Taxicab Supervision, Inc. 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 contract amendment.
13. Authorized Taxicab Supervision, Inc. will be required to comply with the provisions of the First Source Hiring Program for all non -trade Airport jobs.
14. Authorized Taxicab Supervision, Inc. has submitted the Bidder Contributions CEC Form 55 and will comply with its provisions.
15. This action is not subject to the provisions of the Iran Contracting Act of 2010.

SITE MAP



LOCATION MAP

