



May 31, 2018

CALL AND NOTICE OF A REGULAR MEETING OF THE
FINANCE AND ADMINISTRATION COMMITTEE
OF THE
BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

NOTICE is hereby given that a regular meeting of the Finance and Administration Committee will be held Monday, June 4, 2018, at 10:30 a.m., or immediately following the Commission meeting, in the Airport Skyroom of Hollywood Burbank Airport, 2627 Hollywood Way, Burbank, California 91505.

Terri Williams, Board Secretary
Burbank-Glendale-Pasadena Airport Authority

REGULAR MEETING
OF THE
FINANCE AND ADMINISTRATION COMMITTEE

Airport Skyroom
Monday, June 4, 2018
10:30 A.M. or Immediately Following
the Conclusion of the
Regular Airport Authority Meeting

As a result of the convening of this meeting of the Finance and Administration Committee, each Committee member in attendance is entitled to receive and shall be provided \$200.

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The public comment period is the opportunity for members of the public to address the Committee on agenda items and on airport-related non-agenda matters that are within the Committee's subject matter jurisdiction. At the discretion of the presiding officer, public comment on an agenda item may be presented when that item is reached. Allocation of speaker time to another person is prohibited.

Members of the public are requested to observe the following decorum when attending or participating in meetings of the Committee:

- *Turn off cellular telephones and pagers.*
- *Refrain from disorderly or boisterous conduct, including loud, threatening, profane, or abusive language, clapping, whistling, stamping, or other acts that disrupt or otherwise render unfeasible the orderly conduct of the meeting.*
- *If you desire to address the Committee during the public comment period, fill out a speaker request card and present it to the Board Secretary.*
- *Confine remarks to agenda items or to airport-related non-agenda matters that are within the Committee's subject matter jurisdiction.*
- *Limit comments to five minutes or to such other period of time as may be specified by the presiding officer.*

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The following activities are prohibited:

- *Allocation of speaker time to another person.*
- *Video presentations requiring use of Authority equipment.*

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Any disclosable public records related to an open session item on a regular meeting agenda and distributed by the Authority to the Committee less than 72 hours prior to that meeting are available for public inspection at Hollywood Burbank Airport (2627 Hollywood Way, Burbank) in the administrative office during normal business hours.

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In accordance with the Americans with Disabilities Act of 1990, if you require a disability-related modification or accommodation to attend or participate in this meeting, including auxiliary aids or services, please call the Board Secretary at (818) 840-8840 at least 48 hours prior to the meeting.

AGENDA

1. Approval of Agenda
2. Public Comment
3. Approval of Minutes

a. May 21, 2018

[See page 1]

4. Contracts and Leases

a. Amended and Restated Terminal Space Lease
NewZoom, LLC

[See page 4]

- Staff Report Attached

Staff seeks the recommendation of the Finance and Administration Committee to the Commission for approval of an Amended and Restated Terminal Space Lease with NewZoom, LLC, dba Zoomsystems, to provide one post-security concession kiosk in

Terminal A, and one kiosk inside of the Regional Intermodal Transportation Center Customer Service Building.

b. Replacement Passenger Terminal Project Consultant Agreements
For Financial Feasibility and Advisory Services, Technical Support
and Airline Coordination Services, and Outreach and Support Services

[See page 7]

- Staff Report Attached

Staff seeks a Finance and Administration Committee recommendation to the Commission for approval of new contracts With the following consultants currently providing financial, outreach or technical support services related to the development of the Replacement Passenger Terminal project: 1.) Financial, Feasibility and Advisory Services: Ricondo & Associates, Inc.; Public Resources Advisory Group, Inc.; Moroney & Associates, Inc.; 2.) Technical Support and Airline Coordination Services: Conway Consulting, Ltd., Airport & Aviation Professionals, Inc.; and 3.) Outreach and Support Services: Georgino Development LLC; Marathon Communications, Inc.

5. Proposed Fiscal Year 2018/2019 ("FY2019") Budget

[No Staff Report]

No staff report is attached. Staff will continue review of the FY 2019 Budget. Should the Committee make a recommendation for approval, the proposed FY 2019 Budget will be presented to the Commission at its June 18, 2018, regularly scheduled meeting.

6. Item for Discussion

[No Staff Report]

a. Quarterly Minor Lease and Purchase Order Update

No staff report is attached. Staff will present the Minor Lease and Purchase Order Update through March 31, 2018.

7. Items for Information

a. Committee Pending Items

[See page 10]

8. Other Contracts and Leases

9. Adjournment

Subject to Approval

**MINUTES OF THE SPECIAL MEETING OF THE
FINANCE AND ADMINISTRATION COMMITTEE
BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY**

MONDAY, MAY 21, 2018

A special meeting of the Finance and Administration Committee was called to order on this date in the Airport Skyroom of the Burbank-Glendale-Pasadena Airport Authority, 2627 Hollywood Way, Burbank, California, at 9:50 a.m., by Vice Chairman Selvidge.

AB 23 Disclosure: The Senior Deputy Executive Director announced that, as a result of the convening of this meeting of the Finance and Administration Committee, each Committee member is entitled to receive and shall be provided \$200.

ROLL CALL

Present:

Commissioners Selvidge and Adams

Absent:

Commissioner Gharpetian

Also Present:

Staff: Frank Miller, Executive Director; John Hatanaka, Senior Deputy Executive Director; Kathy David, Deputy Executive Director (via teleconference); David Kwon, Director of Financial Services; David Freedman, Director, Strategic Planning and Business Development; Mark Guedikian, Assistant Controller.

Terence Boga, Richard, Watson & Gershon

Jim Wilkinson, Columbia Management Investments, Columbia Threadneedle (via telephone)

1. Approval of Agenda

The agenda was approved as presented.

2. Public Comment

There were no public speakers.

3. Approval of Minutes

a. May 7, 2018

The minutes were approved with the correction of the roll call. Commissioner Gharpetian and Selvidge were in attendance with Commissioner Adams being absent.

4. Treasurer's Report

a. March 2018

A copy of the March 2018 Treasurer's Report was included in the agenda packet for the Committee to review.

Motion

Commissioner Adams moved that the Committee recommend to the Commission that it approve the March 2018 Treasurer's Report, seconded by Commissioner Selvidge.

Motion Approved

The motion was approved (2-0, one absent).

5. Contracts and Leases

a. Fourth Amendment to Airport Advertising Program Concession Agreement

Staff presented to the Committee a recommendation to the Commission to approve a Fourth Amendment to the Concession Agreement ("Agreement") for the Airport Advertising Program with Lamar Transit, LLC dba Lamar Airport Advertising ("Lamar"). The Fourth Amendment will: (i) remove the Authority from the process of Lamar's review and approval of proposed advertisements; (ii) extend the term of the Agreement to December 31, 2022, or the closure of the existing terminal building, whichever occurs first; (iii) give the Authority an option to extend the term of the Agreement on a month-to-month basis, if necessary, to accommodate the completion of the replacement passenger terminal; (iv) establish a new \$95,000 minimum capital investment requirement; and (v) provide for a contingent \$75,000 capital investment requirement.

On May 17, 2004, the Authority and F/F/E Display Services ("F/F/E"), a d/b/a name of Alliance Corporation, executed the Agreement. The Agreement granted F/F/E the exclusive right to operate an advertising concession at the Airport.

Effective August 26, 2006, Alliance Corporation changed its dba name from F/F/E Display Services to Alliance Airport Advertising ("Alliance").

On October 6, 2008, the Authority and Alliance executed a Second Amendment to the Agreement extending the Agreement to July 31, 2014, eliminating the Authority's extension option, and clarifying the MAG payment requirement.

On November 4, 2013, the Authority and Alliance executed a Third Amendment to the Agreement establishing a five-year extension (until July 31, 2019) and authorizing the Authority an option to extend the term two more years (until July 31, 2021). Additionally, the Third Amendment further clarified

the MAG payment requirement and set forth a requirement to invest \$250,000 in additional capital improvements.

On June 15, 2015, the Commission consented to an ownership change for Alliance. Lamar Transit, LLC, a wholly owned subsidiary of Lamar Advertising Company, acquired all of Alliance's outstanding capital stock. The ownership change did not affect the day-to-day management of services or Alliance's sales representative, primary support team, and other key personnel.

Lamar is a tenant in good standing with a long productive history at the Airport, and has made capital investments in excess of contractual obligations. Based on the current agreement in place, Lamar annually pays the Authority the greater of MAG, which currently is about \$508,000 or 50% of gross revenues.

Motion

Following the presentation, Commissioner Adams moved approval of Staff's recommendation to the Commission that it approve the Fourth Amendment, seconded by Commissioner Selvidge.

Motion Approved

The motion was approved (2-0, one absent).

6. Items for Discussion

a. CMIA Quarterly Investment Portfolio – First Quarter

CMIA provided an update to the Committee on the status of the Authority's Operating and Passenger Facility Charge Investment Portfolios for the first quarter ended March 31, 2018.

b. Fiscal Year 2018/2019 ("FY2019") Budget Development

Staff presented to the Committee a proposed complete balanced budget, including the projected revenues, O&M highlights and Facility Improvement Program for FY 2019.

7. Items for Information

a. Committee Pending Items

Staff informed the Committee of future pending items that will come to the Committee for review.

8. Other Contracts and Leases

There were no additional contracts and leases.

9. Adjournment

There being no further business, the meeting was adjourned at 10:36 a.m.

**STAFF REPORT PRESENTED TO THE
BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY
FINANCE AND ADMINISTRATION COMMITTEE
JUNE 4, 2018**

**AMENDED AND RESTATED TERMINAL SPACE LEASE
NEWZOOM, LLC**

SUMMARY

Staff seeks the recommendation of the Finance and Administration Committee ("Committee") to the Commission for approval of an Amended and Restated Terminal Space Lease ("Amendment") with NewZoom, LLC dba ZoomSystems ("ZoomSystems") to provide one post-security concession kiosk in Terminal A, and one kiosk inside of the Regional Intermodal Transportation Center ("RITC") Customer Service Building.

During the first six months of the proposed Amendment, monthly rent for each of the new proposed ZoomShop kiosks will be set at 9% of gross revenue for that month. During the second six months of the proposed Lease, monthly rent will be set at the greater of \$250 per month or 9% of gross revenue for that month. Finally, for each year thereafter, monthly rent will be set at the greatest of one-twelfth of 85% of rent paid for the preceding annual period, \$250, or 9% of gross revenue for that month.

The term of the Amendment will remain consistent with the Authority's existing lease with ZoomSystems, with all leased space expiring on December 4, 2020, and may be extended for five (5), one-year periods.

BACKGROUND

The Authority entered into a January 1, 2015, Terminal Space Lease with ZoomSystems for a post-security concession kiosk adjacent to Gate A2 to dispense Benefit Cosmetics, a leading women's cosmetic brand. In December 2017, the Authority entered into a new master Terminal Space Lease with ZoomSystems that included four (4) post-security concession kiosks; two (2) Benefit Cosmetics ZoomShops; one (1) UNIQLO ZoomShop; and one (1) Best Buy Express ZoomShop. The UNIQLO ZoomShop has generated an average of \$6,500 of gross revenue a month and currently exceeds ZoomSystems' expectations. Hollywood Burbank Airport ranks as one of UNIQLO's top performing airports. The Terminal A Benefit Cosmetics ZoomShop has also continued to perform well. Due to its overall positive revenue generation, ZoomSystems would like to add two (2) additional ZoomShops at Hollywood Burbank Airport.

The Allure – Best of Beauty ZoomShop launched in 2017 and showcases the beauty industry's top products ranging from hair to makeup and skin care products. The Allure ZoomShop is currently serving several airports around the country including LaGuardia Airport and George Bush Intercontinental Airport in Houston. All of the beauty products offered will be selected from the Editor's favorites and the Reader's Choice Survey. The proposed Allure – Best of Beauty ZoomShop will be located in Terminal A across from gate A3 and adjacent to the existing UNIQLO clothing ZoomShop. The Allure ZoomShop is not expected to compete with the existing Benefit Cosmetics ZoomShop.

The CVS ZoomShop launched in fall 2017 and is serving LaGuardia Airport and George Bush Intercontinental Airport, among others. This unit is stocked with 85 different products from both CVS store brands and leading national brands, focusing on health essentials, personal care and snacks. The CVS ZoomShop will be placed at the Regional Intermodal Transportation Center ("RITC") inside of the Customer Service Building where all of the rental car companies are based at Hollywood Burbank Airport.

DETAILS

The key components of the proposed Amended and Restated Lease are as follows:

Premises:

Allure – Best of Beauty ZoomShop	CVS ZoomShop
Space 5	Space 6
One (1) proposed kiosk to be located just east of Gate A3 in Terminal A (adjacent to UNIQLO)	One (1) proposed kiosk to be located inside of the Regional Intermodal Transportation Center ("RITC") Customer Service Building

- Use: - Unstaffed Retail Kiosk
- Term: - Remaining portion of three (3) years with Tenant having five (5), one-year extension options subject to written consent of the Executive Director of the Authority
- Three (3) year term will expire on December 4, 2020
- Improvements: - Tenant is responsible for the installation, maintenance and other necessary infrastructure required for the proposed lease
- Termination: - 60 days' prior written notice by tenant to Authority
- 30 days' prior written notice by Executive Director to tenant
- Executive Director may terminate individual kiosks upon 30 days written notice to tenant
- Other: - Each kiosk has been assigned a Space Number 1 - 6
- Tenant to pay all expenses related to occupancy including all required permits, improvements, maintenance and taxes

Rent: Outlined in the schedule below:

Monthly Rent for Space 5 and Space 6		
(A)	(B)	(C)
Months 1-6	Months 7-12	Monthly Rent for each Year of the Term after Year 1 of the Term
June 19, 2018 – December 18, 2018	December 19, 2018 – June 18, 2019	June 19, 2019 – End of Term
Nine Percent (9%) of Gross Revenue	The greater of: (i) \$250.00 ("Monthly Minimum Rent") (ii) Nine Percent (9%) of Gross Revenue	The greatest of: (i) One-twelfth of eighty-five percent (85%) of the entire Monthly Rent paid to the Landlord for that space for the previous year of the term (ii) \$250.00 ("Monthly Minimum Rent") (iii) Nine Percent (9%) of Gross Revenue

IMPACT ON REVENUE

The proposed Lease is revenue positive to the Authority. After the first six months, the revenue for each of the two new proposed ZoomShops will be a minimum of \$250/month.

STAFF RECOMMENDATION

Staff seeks the Committee's recommendation to the Commission that it: (i) approve the proposed Amended and Restated Terminal Space Lease with NewZoom LLC for two additional ZoomShops and authorize the President to execute same; (ii) authorize the Executive Director to approve any substitute of ZoomShop brands upon written request from the tenant; (iii) authorize the Executive Director to consent to any future extensions of the Lease if ZoomSystems is in good standing; and (iv) authorize the Executive Director to terminate one or more spaces upon thirty (30) days' written notice to tenant.

**STAFF REPORT PRESENTED TO THE
BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY
FINANCE AND ADMINISTRATION COMMITTEE
JUNE 4, 2018**

**REPLACEMENT PASSENGER TERMINAL PROJECT CONSULTANT AGREEMENTS
FOR FINANCIAL FEASIBILITY AND ADVISORY SERVICES, TECHNICAL SUPPORT
AND AIRLINE COORDINATION SERVICES, AND OUTREACH AND SUPPORT
SERVICES**

SUMMARY

Staff seeks a Finance and Administration Committee ("Finance Committee ") recommendation to the Commission for approval of new contracts with the following consultants currently providing financial, outreach, or technical support services related to the development of the Replacement Passenger Terminal ("RPT") project:

- 1.) Financial Feasibility and Advisory Services
 - a. Ricondo & Associates ("Ricondo")
 - b. Public Resources Advisory Group ("PRAG")
 - c. Moroney & Associates ("Moroney")

- 2.) Technical Support and Airline Coordination Services
 - a. Conway Consulting LLC ("Conway Consulting")
 - b. Airport & Aviation Professionals Inc. ("AvAirPros")

- 3.) Outreach and Support Services
 - a. Georgino Development LLC ("Georgino Development")
 - b. Marathon Communications Inc. ("Marathon Communications")

Staff discussed this item with the Replacement Terminal Ad Hoc Committee on April 30, 2018, and there was concurrence with moving this item forward for Finance Committee consideration.

BACKGROUND

Since the passage of Measure B in November 2016, Staff has been undertaking numerous steps toward the development of the RPT project. These steps include: (i) revising the Airport Layout Plan to depict the RPT and receiving conditional approval from the Federal Aviation Administration ("FAA"); (ii) executing a Memorandum of Understanding with the FAA for the Environmental Impact Study ("EIS") for the RPT project; (iii) completing a Human Health Risk Assessment for the Adjacent Property and obtaining approval of that report by the State Office of Environmental Health Hazard Assessment and the Los Angeles Regional Water Quality Control Board; and (iv) implementing a concept validation and cost estimate study that will be completed in FY 2018. The steps also include preliminary cost

estimate study that will be completed in FY 2018. The steps also include preliminary cost and financial modeling, as well as gathering of information on various potential financial project delivery methods.

With the EIS underway, the next steps in the process include: (i) obtaining the services of a design charrette facilitator to undertake a series of public meetings regarding the RPT and new parking structures; (ii) continued research into the various project delivery methods that may be applicable to the project; (iii) additional work and refinement of financial models and Passenger Facility Charge revenue forecasts; and (iv) continued technical support with the concept validation and cost estimating as well as airline coordination.

PROPOSED AGREEMENTS

To continue the advancement of the RPT project, Staff recommends that the Authority execute new contracts with certain consultants currently providing financial, outreach, or technical support services for the project. In particular, Staff is recommending the terms and service levels for each consultant as follows:

1.) Financial Feasibility and Advisory Services

a. Ricondo

- i. Two-year term with one year option to extend effective July 1, 2018
- ii. Budget: Year One - \$75,000 ; Year Two – subject to scope and need
- iii. Termination: either party; fifteen (15) days prior notice

b. PRAG

- i. Two-year term with one year option to extend effective July 1, 2018
- ii. Budget: Year One - \$75,000 ; Year Two – subject to scope and need
- iii. Termination: either party; fifteen (15) days prior notice

c. Moroney

- i. Two-year term with one year option to extend effective July 1, 2018
- ii. Budget: Year One - \$75,000 ; Year Two – subject to scope and need
- iii. Termination: either party; fifteen (15) days prior notice

2.) Technical Support and Airline Coordination Services

a. Conway Consulting

- i. Two-year term with one year option to extend effective July 1, 2018
- ii. Budget: \$25,000 per month throughout term of the agreement
- iii. Termination: either party; fifteen (15) days prior notice

b. AvAirPros

- i. Two-year term with one year option to extend effective July 1, 2018
- ii. Budget: Year One - \$100,000 ; Year Two – subject to scope and need
- iii. Termination: either party; fifteen (15) days prior notice

3.) Outreach and Support Services

a. Georgino Development

- i. Two-year term with one year option to extend effective June 1, 2018
- ii. Budget: Year One: \$4,000 per month; Year Two: \$4,500 per month
- iii. Termination: either party; seven (7) day prior notice

b. Marathon Communications

- i. Initial six-month term with an option to extend for an additional six months effective July 1, 2018
- ii. Budget: \$6,500 per month for the initial six-month term; monthly rate subject to review if extension is exercised; documented out-of-pocket expenses not to exceed \$500 per month
- iii. Termination: either party; thirty (30) day prior notice

The new contracts will be in the form of a Professional Services Agreement or a Letter Agreement based on the nature of the services and proposed budget. Copies of the proposed Professional Services Agreement or Letter Agreement (each including the scope of services) for each firm are attached.

These consultants have been working with Staff over the past two years on various aspects of the RPT and have been instrumental in helping to achieve numerous minor and major milestones. Staff feels the continuation of the services provided by these consultants will assist Staff with the advancement of the RPT project.

FUNDING

As in previous years, appropriations for these services are being included in the proposed upcoming fiscal year budget for consideration by the Finance Committee and the Commission. Subject to the recommendation by the Finance Committee and approval of the Commission of the proposed FY 2018/2019 ("FY 2019) Budget, funding for these services will be from the Facility Improvement Program, Replacement Passenger Terminal Project line item.

RECOMMENDATION

Staff seeks the Finance Committee's recommendation to the Commission for approval of new contracts with Ricondo, PRAG, Moroney, Conway Consulting, AvAirPros, Georgino Development, and Marathon Communications as described above.

**BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY
FINANCE AND ADMINISTRATION COMMITTEE
JUNE 4, 2018
COMMITTEE PENDING ITEMS**

Future

1. Award of Ground Lease – Vehicle Effects
2. Amendment to Lease – Million Air Burbank