

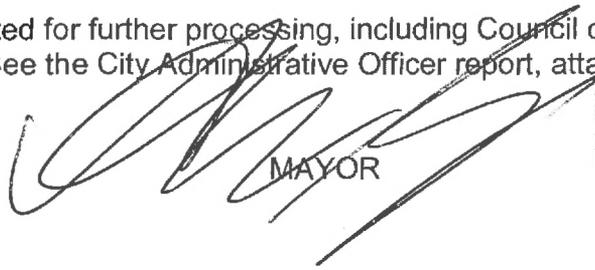
0150-10423-0002

**TRANSMITTAL**

TO Deborah Flint, Chief Executive Officer Department of Airports	DATE <b>JAN 10 2016</b>	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT 11	

**Request to Approve Amended and Restated Lease and License Agreement with Tom Bradley International Terminal Equipment Company at Los Angeles International Airport to Extend the Term to September 15, 2025**

Transmitted for further processing, including Council consideration.  
See the City Administrative Officer report, attached.



MAYOR

Ana Guerrero

MAS:JFH:10170060t

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: January 10, 2017  
To: The Mayor  
From: Miguel A. Santana, City Administrative Officer *MS*  
Reference: Communication from the Department of Airports dated November 15, 2016; referred by the Mayor for report on November 18, 2016  
Subject: **REQUEST TO APPROVE AMENDED AND RESTATED LEASE AND LICENSE AGREEMENT WITH TOM BRADLEY INTERNATIONAL TERMINAL EQUIPMENT COMPANY AT LOS ANGELES INTERNATIONAL AIRPORT TO EXTEND THE TERM TO SEPTEMBER 15, 2025**

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### RECOMMENDATIONS

That the Mayor:

1. Approve the Amended and Restated Lease and License Agreement with Tom Bradley International Equipment Company to add new premises and aeronautical equipment, and extend the term to September 15, 2025, with an option to extend to December 31, 2030, subject to the approval of the City Attorney as to form and compliance with the City's Standard Provisions applicable to contracts including: the Living Wage and Service Contractor Worker Retention Ordinances, Affirmative Action Program, Child Support Obligations Ordinance, City insurance requirements, Contractor Responsibility Program, and First Source Hiring Program;
2. Authorize the Chief Executive Officer to execute the proposed Amended and Restated Agreement; and
3. Return the Agreement to the Department for further processing, including Council consideration.

### SUMMARY

The Tom Bradley International Terminal Equipment Company (TBITEC) is a non-profit airline consortium that was originally formed in 1982 as the Los Angeles International Airport Terminal Equipment Company (LAXTEC), comprised of 20 major international airlines who would occupy the new Tom Bradley International Terminal (TBIT) at Los Angeles International Airport (LAX). On October 1, 2011, LAXTEC was transitioned to TBITEC due to changing requirements of the Los Angeles World Airports (LAWA, Department). The TBITEC leases, operates, and maintains various aeronautical equipment, including the baggage system, in the TBIT, Terminal 2, and Terminal 3 pursuant to Lease and License Agreement LAA-8600.

On December 18, 2014, the Board approved a design-build contract to construct the Midfield Satellite Concourse-North (MSC). The Department indicates that since passengers boarding MSC flights will be processed through the TBIT, new checked baggage handling equipment must be installed to route checked baggage from the TBIT to the aircraft that will depart from MSC gates. Expansion of the existing TBIT baggage handling system will also be required. The TBITEC has agreed to acquire and install all the baggage handling system and equipment needed for the MSC.

The LAWA Chief Executive Officer, therefore, requests approval to execute an Amended and Restated Lease and License Agreement with the TBITEC to add new premises and aeronautical equipment and extend the term to September 15, 2025, with an option to extend the term to December 31, 2030.

The proposed Amended and Restated Lease will provide the appropriate term and property rights to allow TBITEC to install, lease, operate, and maintain the required equipment in the MSC. The proposed Agreement will also allow the leased premises to be adjusted to reflect the impact of the impending Delta Airlines, Inc. relocation that will cause airlines operating in Terminals 2 and 3 to move to terminal 6.

The Department indicates that the installation of the baggage handling equipment for the MSC and expansion of the TBIT baggage handling system will require sections of the existing Checked Baggage Inspection System to be taken out of service while the system remains in use resulting in operational risk for LAWA and TBIT airlines. The Department indicates that having the TBITEC manage the design and construction of new and upgraded systems is the best way to mitigate this risk.

The Board of Airport Commissioners approved the proposed Equipment Acquisition Agreements with TBITEC at its meeting of November 17, 2016.

## **FISCAL IMPACT STATEMENT**

The Los Angeles World Airports indicates that the proposed Amended and Restated Lease and License Agreement with the Tom Bradley International Terminal Equipment Company (TBITEC) will result in revenue of approximately \$61,000,000 in the first year. In subsequent years, revenue will decline when the premises and equipment located in Terminals 2 and 3 are removed from the Agreement and replaced by equivalent facilities in Terminal 5. Since space in Terminals 2 and 3 will then be occupied by Delta Airlines, the Department will recover the appropriate rent for space in those terminals directly through the Delta Lease. As new space comes on-line in the new Midfield Satellite Concourse and the Tom Bradley International Terminal, the TBITEC will pay for this space at rates approved by the Board of Airport Commissioners. The proposed Agreements will have no impact on the General Fund.