

CATEGORICAL EXEMPTION and TRADE, COMMERCE, AND TOURISM COMMITTEE REPORT relative to the proposed second amendment to the lease and license agreement with Tom Bradley International Terminal Equipment Company (TBITEC) for maintenance of aeronautical equipment and airline areas in Terminal 3 at Los Angeles International Airport (LAX).

Recommendations for Council action:

1. ADOPT the determination by the Board of Airport Commissioners (Board) that the proposed action is exempt under the California Environmental Quality Act (CEQA) as provided in Article III, Class 1(18)(c) of the Los Angeles City CEQA Guidelines.
2. APPROVE the second amendment to the lease and license agreement with TBITEC.
3. CONCUR with the Board's action of May 21, 2015 by Resolution No. 25699 authorizing the Executive Director, Los Angeles World Airports (LAWA), to execute the second amendment to the lease and license agreement with TBITEC for maintenance of aeronautical equipment and airline areas in Terminal 3 at LAX.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that approval of the proposed second amendment to the terminal facilities lease and license agreement with TBITEC will result in a savings of approximately \$2,497,000 annually over the term of the agreement due to the termination of the existing aeronautical equipment maintenance contract, approximately \$10,626,000 in first-year revenues to LAWA as a result of the lease and licensing provisions of the agreement, and approximately \$86,627,000 in incremental revenue to LAWA over the term of the agreement. LAWA is not requesting an appropriation for the proposed amendment. The second amendment to Terminal Lease and License Agreement LAA-8600 complies with LAWA's adopted Financial Policies. Approval of the amendment will have no impact on LAWA's Operating Budget or the City's General Fund.

Community Impact Statement: None submitted.

TIME LIMIT FILE – JULY 16, 2015

(LAST DAY FOR COUNCIL ACTION – JULY 1, 2015)

SUMMARY

At the meeting held on June 23, 2015, your Trade, Commerce and Tourism Committee considered a LAWA transmittal relative to the second amendment to Terminal Lease and License Agreement LAA-8600 with TBITEC, a consortium of 48 of airlines presently operating out of the Tom Bradley International Terminal and Terminal 2, for the addition of leased space and the licensed use of LAWA-owned aeronautical equipment in Terminal 3 at LAX. The CAO reports that approval of the second amendment will result in LAWA receiving approximately \$10,626,000 in first-year lease revenue and \$86,627,000 in total revenue over the remaining six years of the term (the original September 16, 2011 agreement concludes on September 15, 2021) with a cost savings of approximately \$2,497,000 annually resulting from the termination of the existing maintenance contract with Aircraft Service International Group.

The proposed second amendment will become effective upon approval by the Council and conclude in September 2021. An opportunity for public comment was held. After a brief discussion, the Committee moved to approve the recommendations contained in the transmittal. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

TRADE, COMMERCE, AND TOURISM COMMITTEE

A handwritten signature in black ink, appearing to be 'P. Labonge', with a long horizontal flourish extending to the right.

| <u>MEMBER</u> | <u>VOTE</u> |
|---------------|-------------|
| LABONGE: | YES |
| BUSCAINO: | YES |
| BONIN: | YES |

ME

-NOT OFFICIAL UNTIL COUNCIL ACTS-